

104th Congress (1995-1996)

Veto Threats of Legislation in House of Representatives

H.J. Res. 115 – Second Continuing Resolution, FY 1996 [November 8, 1995]

H.J. Res. 115 – Second Continuing Resolution, FY 1996 [November 9, 1995] *

H.J. Res. 115 – Second Continuing Resolution, FY 1996 [November 10, 1995]

H.J. Res. 115 – Second Continuing Resolution, FY 1996 [November 13, 1995] *

H.J. Res. 122 – Second Continuing Resolution, FY 1996 [November 16, 1995] *

H.R. 450 – Regulatory Transition Act of 1995 [February 23, 1995] House and Senate

H.R. 728 – Local Government Law Enforcement Block Grants Act of 1995 [February 13, 1995]

H.R. 743 – Teamwork for Employees and Managers Act [September 27, 1995]

H.R. 872 – National Security Revitalization Act [February 13, 1995]

H.R. 927 – Cuban Liberty and Democratic Solidarity Act [September 20, 1995]

H.R. 927 – Cuban Liberty and Democratic Solidarity Act [October 11, 1995] *

H.R. 961 – Clean Water Amendments of 1995 [May 9, 1995]

H.R. 1158 – Making Emergency Supplemental Appropriations for Additional Disaster Assistance and Making Rescissions for the Fiscal Year Ending September 30, 1995, And for Other Purposes [March 15, 1995]

H.R. 1158 – Making Emergency Supplemental Appropriations for Additional Disaster Assistance and Making Rescissions for the Fiscal Year Ending September 30, 1995, And for Other Purposes [March 14, 1995]

H.R. 1159 – Making Emergency Supplemental Appropriations for Additional Disaster Assistance and Making Rescissions for the Fiscal Year Ending September 30, 1995, And for Other Purposes [March 14, 1995]

H.R. 1868 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996 [December 15, 1995] *

H.R. 1215 – Tax Fairness and Deficit Reduction Act [April 3, 1995]

H.R. 1215 – Tax Fairness and Deficit Reduction Act [April 5, 1995]

H.R. 1561 – American Overseas Interest Act of 1995 [May 22, 1995]

H.R. 1745 – Utah Public Lands Management Act [December 14, 1995]

H.R. 1833 – Partial-Birth Abortion Ban Act of 1995 [November 7, 1995]

H.R. 1833 – Partial-Birth Abortion Ban Act of 1995 [December 7, 1995] *

H.R. 1868 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996 [June 22, 1995]

H.R. 1868 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996 [September 20, 1995] *

H.R. 1868 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996 [October 31, 1995]

H.R. 1868 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996 [December 13, 1995]

H.R. 1977 – Department of the Interior and Related Agencies Appropriations Bill, FY 1996 [July 12, 1995]

H.R. 1977 – Department of the Interior and Related Agencies Appropriations Bill, FY 1996 [August 4, 1995]

H.R. 1977 – Department of the Interior and Related Agencies Appropriations Bill, FY 1996 [November 6, 1995]

H.R. 1977 – Department of the Interior and Related Agencies Appropriations Bill, FY 1996 [December 13, 1995]

H.R. 1977 – Department of the Interior and Related Agencies Appropriations Bill, FY 1996 [December 14, 1995] *

H.R. 2020 - Treasury, Postal Service, and General Government Appropriations Bill, FY 1996 [July 17, 1995]

H.R. 2020 - Treasury, Postal Service, and General Government Appropriations Bill, FY 1996 [August 3, 1995] *

H.R. 2076 – Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations bill, FY 1996 [July 20, 1995]

H.R. 2076 – Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations bill, FY 1996 [July 24, 1995]

H.R. 2076 – Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations bill, FY 1996 [September 14, 1995] *

H.R. 2076 – Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations bill, FY 1996 [December 7, 1995] *

H.R. 2099 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996 [July 24, 1995]

H.R. 2099 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996 [July 26, 1995]

H.R. 2099 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996 [September 25, 1995] *

H.R. 2099 – VA/HUD and Independent Agencies Appropriations Bill, FY 1996 [November 20, 1995]

H.R. 2099 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996 [December 7, 1995]

H.R. 2099 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996 [December 14, 1995] *

H.R. 2126 – Department of Defense Appropriations Bill, FY 1996 [July 27, 1995]

H.R. 2126 – Department of Defense Appropriations Bill, FY 1996 [July 31, 1995]

H.R. 2126 – Department of Defense Appropriations Bill, FY 1996 [September 7, 1995]

H.R. 2127 – Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996 [July 27, 1995]

H.R. 2127 – Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996 [August 2, 1995]

H.R. 2127 – Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996 [September 26, 1995] Senate

H.R. 2405 – Omnibus Civilian Science Authorization Act of 1995 [October 11, 1995]

H.R. 2425 – Medicare Preservation Act of 1995 [October 19, 1995]

H.R. 2491 – Budget Reconciliation Act of 1995 [October 26, 1995]

H.R. 2539 – ICC Termination Act of 1995 [November 13, 1995]

H.R. 2586 – Temporary Increase in the Statutory Limit on the Public Debt [November 8, 1995]

H.R. 2586 – Temporary Increase in the Statutory Limit on the Public Debt [November 9, 1995]

H.R. 2586 – Temporary Increase in the Statutory Limit on the Public Debt [November 9, 1995] *

H.R. 2606 – Prohibition on the Use of Appropriated Funds for Deployment of U.S. Forces to the Republic of Bosnia and Herzegovina for Peacekeeping Operations [November 16, 1995]

H.R. 2621 – Prohibition of Specified Cash Management Practices [December 12, 1995]

H.R. 123 – Language and Government Act [July 31, 1996]

H.R. 125 – Gun Crime Enforcement and Second Amendment Restoration Act [March 21, 1996]

H.R. 956 – Common Sense Product Liability Legal Reform Act of 1996 [March 16, 1996]

H.R. 1561 – Foreign Relations Revitalization Act of 1995 [March 26, 1996]

H.R. 1561 – Foreign Relations Revitalization Act of 1995 [March 11, 1996]

H.R. 1675 – National Wildlife Refuge Improvement Act [April 24, 1996]

H.R. 2202 – Immigration in the National Interest Act [March 19, 1996]

H.R. 2391 – Working Families Flexibility Act of 1996 [July 25, 1996]

H.R. 2546 – District of Columbia Appropriations Bill, FY 1996 [February 26, 1996] *

H.R. 3019 – Balanced Budget Down payment ACT II [March 7, 1996]

H.R. 3049 – Institute for American Indian and Alaska Native Culture and Arts Development Act [April 23, 1996]

H.R. 3230 – National Defense Authorization Act for Fiscal Year 1997 [May 13, 1996]

- H.R. 3308** – U.S. Armed Forces Protection Act of 1996 [September 4, 1996]
- H.R. 3322** – Omnibus Civilian Science Authorization Act [May 8, 1996]
- H.R. 3448** – Small Business Job Protection Act [July 8, 1996]
- H.R. 3610** – Department of Defense Appropriations Bill, FY 1997 [June 12, 1996]
- H.R. 3610** – Department of Defense Appropriations Bill, FY 1997 [June 13, 1996]
- H.R. 3662** – Department of the Interior and Related Agencies Appropriations Bill, FY 1997 [June 18, 1996]
- H.R. 3662** – Department of the Interior and Related Agencies Appropriations Bill, FY 1997 [September 13, 1996] *
- H.R. 3752** – American Land Sovereignty Act of 1996 [September 26, 1996]
- H.R. 3755** – Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1997 [July 9, 1996]
- H.R. 3814** – Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Bill, FY 1997 [July 16, 1996]
- H.R. 3814** – Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Bill, FY 1997 [July 17, 1996]
- H.R. 3816** – Energy and Water Development Energy and Water Development Appropriations Bill, FY 1997 [July 24, 1996]
- H.R. 4134** – Authorizing States to Deny Public Education Benefits to aliens Not Lawfully Present in the United States [September 25, 1996]

Veto Threats of Legislation in Senate

- S. 343** – Comprehensive Regulatory Reform Act of 1995 [July 10, 1995] *
- S. 908** – Foreign Relations Revitalization Act of 1995 [June 28, 1995]
- S. 961** – Foreign Relations Revitalization Act of 1995 [July 27, 1995]
- S. 1087** – Department of Defense Appropriations Bill, FY 1996 [August 10, 1995]
- S. 1357** – Budget Reconciliation Act of 1995 [October 25, 1995]

- S. 295** – Teamwork for Employees and Managers Act [July 9, 1996]
 - S. 605** – Omnibus Property Rights Act of 1995 [May 9, 1996]
 - S. 1271** – Nuclear Waste Policy Act of 1996 [April 23, 1996]
 - S. 1459** – Public Rangelands Management Act of 1995 [March 20, 1996]
 - S. 1541** – Agricultural Market Transition Act of 1996 [January 31, 1996]
 - S. 1635** – Defend America Act of 1996 [June 3, 1996]
 - S. 1745** – National Defense Authorization Act for Fiscal Year 1997 [June 11, 1996]
 - S. 1788** – National Right to Work Act of 1996 [July 9, 1996]
 - S. 1894** – Department of Defense Appropriations Bill, FY 1997 [July 7, 1996]
- * Indicates the President's message to one chamber refers to legislation from the other.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 23, 1995 (SENT)
(House) and Senate

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 450 - Regulatory Transition Act of 1995 (DeLay (R) Texas and 143 others)

The President has stated that a moratorium on regulations, as provided for in H.R. 450, is not acceptable.

The Administration is committed to regulatory reform. It has already made real progress in improving the regulatory system. It has made the system more open and accountable and it has produced more tailored, cost-effective, and sensible rules. The President has committed to continue reforming not only how regulations are developed but also how they are implemented. On February 21st, he announced specific actions, including a page-by-page review of existing regulations with instructions to delete those that are burdensome and unnecessary.

This legislation moves beyond reasonable reform to undercut necessary health and safety protections. Instead of improving the regulatory system, H.R. 450 would impose a moratorium that would stop rules from being issued regardless of their merit. Among others, H.R. 450 would stop in their tracks Federal actions that protect consumers, protect workers, and protect the environment. It would also stop Federal actions that promote economic growth. In fact, it would bring to a halt many positive and noncontroversial activities of the Government. And it applies retroactively, a provision that will spawn litigation and confusion for the private sector.

Consequently, if H.R. 450, as reported by the House Government Reform and Oversight Committee, were presented to the President, the Secretaries of Agriculture, Energy, Health and Human Services, Housing and Urban Development, the Interior, Labor, Transportation, and the Treasury, the Attorney General, and the Administrator of the Environmental Protection Agency would recommend that it be vetoed.

Pay-As-You-Go Scoring

H.R. 450 would affect direct spending and receipts; therefore, it would be subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. Preliminary estimates indicate that the effect could be to increase the deficit by \$1 billion or more over FYs 1995-1998. The bill does not contain provisions to offset the increased deficit spending. Therefore, if the bill were enacted, its deficit effects could contribute to a sequester of mandatory programs. Final scoring of this legislation may deviate from this estimate.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 13, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 728 - Local Government Law Enforcement
Block Grants Act of 1995
(McCollum (R) FL)

The President has stated he will veto any effort to repeal or undermine the 100,000 police commitment.

H.R. 728 would repeal the President's program to put 100,000 more police on the street in community policing, and replace it with an ill-defined block grant that would not guarantee a single new police officer on the beat. Block grant monies would not go directly to law enforcement agencies, and could be used for any purpose that generally reduces crime or improves public safety. Although, all components of public safety are important, the Administration strongly believes that there is a national interest in increasing police presence and expanding community policing.

The Administration also strongly opposes the bill's indiscriminate elimination of virtually all of the crime prevention programs enacted last year. At a time when our Nation's children are as vulnerable to gangs, guns, and drugs as ever, H.R. 728 proposes to eliminate the after school programs, safe havens, and drug prevention initiatives that offer our youth positive alternatives to crime, and that reinforce the difference between right and wrong.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 27, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 743 - Teamwork for Employees and Managers Act
(Gunderson (R) WI and 37 cosponsors)

The Administration supports workplace flexibility and high-performance workplace practices that promote cooperative labor-management relations. The National Labor Relations Act currently permits the creation of employee involvement programs that address workplace quality, productivity, and efficiency, with appropriate protections.

H.R. 743 would undermine these employee protections. The bill would allow employers to establish: (1) company unions where no union currently exists; and (2) alternative, company-dominated unions where employees are in the process of determining whether to be represented by a labor organization through a democratic process.

For these reasons, the Administration opposes H.R. 743. If the bill were presented to the President, the Secretary of Labor would recommend that it be vetoed.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

February 13, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 872 - National Security Revitalization Act
(Spence (R) SC and 3 others)

If H.R. 872 were presented to the President in its current form, the Secretaries of State and Defense, and the U.S. Ambassador to the United Nations would recommend that the bill be vetoed.

H.R. 872 would infringe upon the constitutional authorities of the Commander in Chief and harm U.S. interests by reducing the options available to the President to respond to international crises and conflicts. If enacted, this bill would leave the United States with the unacceptable choice between acting alone or doing nothing when emergencies arise. By removing United Nations peacekeeping as an option for burdensharing, it would likely result in increased costs to the United States and more frequent requests for the deployment of American military forces overseas. In addition, H.R. 872 contains other highly objectionable provisions relating to missile defense policy, a commission on national security issues, and NATO expansion.

In particular, the provisions of H.R. 872 that the Administration opposes include those that would:

- Impermissibly limit the President's authority as Commander in Chief to determine the command arrangements of U.S. Forces participating in UN operations. These provisions infringe on the President's constitutional authority and would impose requirements that are operationally unworkable.
- Prevent the President from ordering American forces to respond to emergencies and crises in which the UN is involved until Congress has specifically authorized such action. The likely result is that the United States would act alone more often.
- Require that the United States violate its treaty obligation to the UN by deducting from our peacekeeping assessments the amounts we spend voluntarily on certain operations we have supported through a UN Security Council Resolution. These peacekeeping operations serve many vital U.S. national security and foreign policy objectives. By promoting the principle that every nation has the right to determine its own peacekeeping

assessments, this provision alone would destroy the UN's ability to plan, manage and sustain peace operations. Thus, it undercuts an important tool of U.S. foreign policy available to all Presidents since Harry Truman.

- Impede progress towards UN reform by imposing new and unworkable requirements upon the UN's Inspector General, who having been in office only since November 15, 1994, has had no opportunity to demonstrate the effectiveness of his office as presently authorized.
- Bar payments to the UN unless the Defense Department has been paid fully for reimbursable services for the prior year, even if the UN is unable to reimburse the Defense Department because H.R. 872 has destroyed UN peacekeeping's financial base.
- Establish a national policy to deploy a US-based antiballistic missile system. The Administration's program gives defenses against tactical ballistic missiles, which are the clearest threats, the highest priority. It also provides for a developmental base to deploy US-based defenses should a missile threat against the United States emerge.
- Establish an unnecessary National Security Commission, which would usurp the responsibilities of the Executive branch and duplicate national security planning efforts.
- Mandate the establishment of a program to facilitate NATO transition for certain countries in a manner unnecessarily rigid and thus inconsistent with U.S. policy on NATO membership.
- Impose onerous and burdensome paperwork requirements, thereby wasting tax dollars and reducing the efficiency of the Federal Government.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 20, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 927 - Cuban Liberty and Democratic Solidarity Act
(Burton (R) IN and 43 cosponsors)

The Administration supports the central objective of H.R. 927, i.e., to promote a peaceful transition to democracy in Cuba. However, H.R. 927 contains a number of seriously objectionable provisions that would not advance U.S. interests in Cuba and would damage other U.S. interests. Therefore, the President's senior advisers would recommend that H.R. 927 be vetoed unless the following provisions are deleted or amended:

- The bill would encroach upon the President's exclusive authority under the Constitution to conduct foreign affairs, or otherwise unduly limit the President's flexibility, by purporting to require the President or the Executive branch to pursue certain courses of action regarding Cuba. Mandatory provisions should be replaced with precatory language in the following sections: 102(b); 104(a); 110(b); 112; 201; 202(e); 203(c)(1); and 203(c)(3).
- The exemption in section 102(d) from civil penalty authority for activities related to research, education and certain other purposes, and the burdensome requirement for an agency hearing for civil penalties in other cases, greatly limits the effectiveness of civil penalties as a tool for improving embargo enforcement. Section 102(d) should be amended to address this shortcoming.
- Section 103 should be amended to make the prohibition of certain financing transactions subject to the discretion of the President.
- Section 104(a) should be amended to urge U.S. opposition to Cuban membership or participation in International Financial Institutions (IFIs) only until a transition government is in power to enable the IFIs to support a

rapid transition to democracy in Cuba. Section 104(b), which would require withholding U.S. payments to IFIs, could place the U.S. in violation of international commitments and undermine their effective functioning. This section should be deleted.

- Sections 106 and 110(b), which would deny foreign assistance to countries, if they, or in the case of section 110(b), private entities in these countries, provide certain support to Cuba, should be deleted. Section 106 would undermine important U.S. support for reform in Russia. Section 110(b) is cast so broadly as to have a profoundly adverse affect on a wide range of U.S. Government activities.
- Section 202(b)(2)(iii), which would bar transactions related to family travel and remittances from relatives of Cubans in the United States until a transition government is in power, is too inflexible and should be deleted.
- Sections 205 and 206 would establish overly-rigid requirements for transition and democratic governments in Cuba that could leave the United States on the sidelines, unable to support clearly positive developments in Cuba when such support might be essential. The criteria should be "factors to be considered" rather than requirements.
- By failing to provide stand-alone authority for assistance to a transition or democratic government in Cuba, Title II signals a lack of U.S. resolve to support a transition to democracy in Cuba.
- Title III, which would create a private cause of action for U.S. nationals to sue foreigners who invest in property located entirely outside the United States, should be deleted. Applying U.S. law extra-territorially in this fashion would create friction with our allies, be difficult to defend under international law, and would create a precedent that would increase litigation risks for U.S. companies abroad. It would also diminish the prospects of settlement of the claims of the nearly 6,000 U.S. nationals whose claims have been certified by the Foreign Claims Settlement Commission. Because U.S. as well as foreign

persons may be sued under section 302, this provision could create a major legal barrier to the participation of U.S. businesses in the rebuilding of Cuba once a transition begins.

- Title IV, which would require the Federal Government to exclude from the United States any person who has confiscated, or "traffics" in, property to which a U.S. citizen has a claim, should be deleted. It would apply not only to Cuba, but world-wide, and would apply to foreign nationals who are not themselves responsible for any illegal expropriation of property, and thus would create friction with our allies. It would require the State Department to make difficult and burdensome determinations about property claims and investment in property abroad which are outside the Department's traditional area of expertise.

Pay-As-You-Go Scoring

H.R. 927 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimate is that receipts would be insignificant. Final scoring of this proposal may deviate from this estimate.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 11, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 927 - Cuban Liberty and Democratic Solidarity Act
(Burton (R) IN and 43 cosponsors)

The Administration supports the central objective of H.R. 927, i.e., to promote a peaceful transition to democracy in Cuba. However, H.R. 927 contains a number of seriously objectionable provisions that would not advance U.S. interests in Cuba and would damage other U.S. interests. Therefore, the President's senior advisers would recommend that H.R. 927 be vetoed unless the following provisions are deleted or amended:

- The bill would encroach upon the President's exclusive authority under the Constitution to conduct foreign affairs, or otherwise unduly limit the President's flexibility, by purporting to require the President or the Executive branch to pursue certain courses of action regarding Cuba. Mandatory provisions should be replaced with precatory language in the following sections: 102(b); 110(b); 112; 201; 202(e); 203(c)(1); and 203(c)(3).
- The effectiveness of civil penalties as a tool for improving embargo enforcement is greatly limited by the exemption in section 102(d) for activities related to research, education and certain other purposes, and the burdensome requirement for an agency hearing for civil penalties in other cases. Section 102(d) should be amended to address this shortcoming.
- Section 103 should be amended to make the prohibition of certain financing transactions subject to the discretion of the President.
- Section 104(b), which would require withholding U.S. payments to International Financial Institutions, could place the U.S. in violation of international commitments and undermine their effective functioning. This section should be deleted.

- Sections 106 and 110(b), which would deny foreign assistance to countries, if they, or in the case of section 110(b), private entities in these countries, provide certain support to Cuba, should be deleted. Section 106 would undermine important U.S. support for reform in Russia. Section 110(b) is cast so broadly as to have a profoundly adverse affect on a wide range of U.S. Government activities.
- Section 202(b)(2)(iii), which would bar transactions related to family travel and remittances from relatives of Cubans in the United States until a transition government is in power, is too inflexible and should be deleted.
- Sections 205 and 206 would establish overly-rigid requirements for transition and democratic governments in Cuba that could leave the United States on the sidelines, unable to support clearly positive developments in Cuba when such support might be essential. The criteria should be "factors to be considered" rather than requirements.
- By failing to provide stand-alone authority for assistance to a transition or democratic government in Cuba, Title II signals a lack of U.S. resolve to support a transition to democracy in Cuba.
- Title III, which would create a private cause of action for U.S. nationals to sue foreigners who invest in property located entirely outside the United States, should be deleted. Applying U.S. law extra-territorially in this fashion would create friction with our allies, would be difficult to defend under international law, and would create a precedent that would increase litigation risks for U.S. companies abroad. It would also diminish the prospects of settlement of the claims of the nearly 6,000 U.S. nationals whose claims have been certified by the Foreign Claims Settlement Commission. Because U.S. as well as foreign persons may be sued under section 302, this provision could create a major legal barrier to the participation of U.S. businesses in the rebuilding of Cuba once a transition begins.

-- Title IV, which would require the Federal Government to exclude from the United States any person who has confiscated, or "traffics" in, property to which a U.S. citizen has a claim, should be deleted. It would apply not only to Cuba, but world-wide, and would apply to foreign nationals who are not themselves responsible for any illegal expropriation of property, and thus would create friction with our allies. It would require the State Department to make difficult and burdensome determinations about property claims and investment in property abroad which are outside the Department's traditional area of expertise.

Pay-As-You-Go Scoring

H.R. 927 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. In view of the unpredictability of the number of lawsuits that may be brought under Title III, OMB has not yet been able to estimate the paygo effect of receipts from filing fees for such lawsuits. (However, discretionary costs to the Government from lawsuits could be significant and could place a heavy burden on the court system.)

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

May 9, 1995

(House Rules) (SENT)

AND

HOUSE - 5/10/95 "

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 961 - Clean Water Amendments of 1995
(Shuster (R) PA and 31 cosponsors)

The Administration strongly opposes H.R. 961, because it threatens to undermine achievements in cleaning up the Nation's waters and would significantly delay progress in addressing remaining water pollution problems.

The Administration also strongly opposes requiring compensation to property owners for actions taken by Federal agencies to protect wetlands. This goes far beyond the constitutional standard for just compensation and would impose a substantial burden on the American taxpayer.

For these reasons, if H.R. 961 were presented to the President in its current form, the Administrator of the Environmental Protection Agency (EPA), the Secretary of the Interior, the Director of the Office of Management and Budget (OMB), and the Attorney General would recommend that the bill be vetoed.

Among its most objectionable provisions, H.R. 961 would:

- Reduce water quality protection. The Administration supports pollution prevention and flexible, tailored, cost-effective approaches to meeting the goals of the Clean Water Act (CWA). H.R. 961, however, would undermine the strong standards that have produced significant water quality improvements in the last twenty years. H.R. 961 would allow polluters to circumvent national industrial performance standards through case-by-case negotiations with States over vaguely-defined pollution prevention alternatives. The bill would also undercut the existing CWA commitment to fishable and swimmable waters by allowing new ways to avoid or waive water quality standards. These provisions could create incentives for polluters to pressure States into offering environmental concessions. Under the water quality program in H.R. 961, lower standards in an upstream State would mean higher costs to achieve clean water in downstream States.
- Eliminate fundamental wetlands protections. Wetlands are critical to our Nation's water supply by functioning as natural filters which improve water quality and mitigate potentially disastrous flooding. Moreover, wetlands provide

a critically needed habitat for a wide variety of species. H.R. 961 would redefine wetlands which could remove over half of the Nation's wetlands (including parts of the Everglades) from existing protections. Moreover, the bill's definition and classification scheme are scientifically flawed and would undercut protection of even those wetlands that remain covered by the new scaled-back program. The President's August, 1993 Wetlands Policy identifies a number of specific administrative and legislative reforms to the wetlands program. In addition, the Administration has taken further steps to streamline the program to meet the concerns of small landowners. The Administration is willing to work with the Congress on separate legislation that would improve the program while maintaining wetlands protection.

- Create Enormous New Costs. The Administration strongly supports private property rights, and is continuing to implement regulatory reforms that will provide relief to property owners. The so-called "takings" provisions in this bill, however, would dramatically increase costs to the taxpayers of protecting our vital wetlands.
- Fail to address effectively non-point source pollution (NPSP). Nonpoint source pollution (NPSP) is the major water quality problem currently facing the nation. It is caused by the runoff of pesticides, toxics, and sediment into the streams which can make the water unfit for drinking, swimming, and fishing. HR 961 would eliminate existing requirements that States use best management practices to address NPSP within specified timeframes. States could delay for more than 20 years addressing this leading source of water pollution, significantly undermining progress in this area -- particularly in the coastal zones. Moreover, the current storm water management program would be replaced with a weaker program which will undermine progress in addressing storm water runoff.
- Paralyze the Federal Government's ability to issue regulations and guidance to protect the Nation's waters. The Administration believes that cost-benefit analysis can and should influence environmental decisions and that regulations should be adopted upon a reasoned determination that the benefits of the intended regulation justify its costs. H.R. 961, however, would impose overly broad and judicially reviewable risk assessment and cost-benefit requirements prior to the issuance of such rules and guidance. The bill's threshold for requiring such analysis is \$25 million instead of the \$100 million level established in the President's Executive Order on Regulatory Planning and Review. H.R. 961 would also require the Administrator of EPA to make a judicially

reviewable certification that CWA rules and guidance maximize net benefits to society. These requirements would cause extensive litigation and could result in environmental decisions being made by the courts.

Pay-As-You-Go Scoring

H.R. 961 would affect direct spending; therefore, it would be subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. Preliminary estimates indicate that the effect of the bill would be to increase the deficit by several billion dollars during FYs 1995-1998.

* * *



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(House Floor)
March 15, 1995

(F)

(SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1158 -- MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS
FOR ADDITIONAL DISASTER ASSISTANCE AND MAKING RESCISSIONS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995,
AND FOR OTHER PURPOSES**

(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on the supplemental appropriations and rescissions bill as reported by the House Appropriations Committee.

The Administration strongly opposes this bill in its present form. We believe that it unnecessarily cuts valuable, proven programs that educate our children and aid the disadvantaged. The Administration also opposes cuts for programs that were established to ensure our Nation's role in the advancement of technology. We also strongly oppose a provision in the bill that would upset the balance contained in current law concerning Federal funding of abortions for the victims of rape and incest and a provision that would prohibit implementation of the Executive Order on striker replacements. Based on all of these considerations, if the President were presented a bill containing these provisions, the Director of the Office of Management and Budget would recommend that he veto the bill.

As the President said in his February 14, 1995, letter, the Administration is proud of its record for reducing the deficit while providing prompt assistance to the victims of natural disasters. The Budget Enforcement Act, signed by President Bush, established the authority for the President and Congress to exempt certain spending from the statutory caps, specifically for the purpose of meeting emergency, unanticipated requirements. This joint designation by the President and the Congress has been used over the last four years to provide critical assistance in response to earthquakes, hurricanes, floods, extreme cold and agricultural disasters, and for other purposes.

The Administration remains firmly committed to deficit reduction. In 1993, the Administration worked with the Congress to enact the largest deficit reduction package in history. We cut Federal spending by \$255 billion over five years, cut taxes for 40 million low- and moderate-income Americans, and made 90 percent of small businesses eligible for tax relief, while increasing income tax rates only on the wealthiest 1.2 percent of Americans. As we placed a tight "freeze" on overall discretionary spending at the FY 1993 levels, we shifted spending toward investments in human and physical capital that will help secure our future.

This Administration's economic plan helped bring the deficit down from \$290 billion in FY 1992, to \$203 billion in FY 1994, to a projected \$193 billion this year -- providing three straight years of deficit reduction for the first time since Harry Truman was President.

We believe that we can address the issue of deficit reduction and provide for the Middle Class Bill of Rights without putting low-income families at risk. The Administration does not believe that sound programs, particularly those aimed at the disadvantaged and those that will ensure our Nation's standing in areas of science and technology, should be cut. It would be particularly unwise to make such cuts to finance a tax cut for higher-income taxpayers.

In the FY 1996 Budget, the President has proposed significant rescissions for FY 1995 and additional program terminations in FY 1996 for numerous low-priority programs. In contrast, this bill would impose severe reductions on a number of high-priority programs. These cuts would have a particularly harmful effect on our Nation's children by cutting funding for National Service, Summer Jobs, and WIC. Many of the cuts are shortsighted, reducing funding for education, for advanced technology programs that are critical to our Nation's future, and eliminating funding for the Community Development Financial Institutions (CDFI) Fund, which would be instrumental in leveraging investments in our country's most distressed communities. Other cuts would adversely affect the health of Americans by cutting safe drinking water funding and violent crime prevention programs.

The Administration is opposed to an amendment that was added by the Committee that would allow states to decide to stop using public funds to pay for abortions in cases of rape and incest. The President believes that abortion should be safe, legal, and rare. The Administration is committed to ensuring that women who are victims of rape and incest have the right to choose abortion as an option. A woman should not be precluded from choosing this option if she is poor.

The Administration opposes a provision in the bill that would prohibit the Executive Branch from using FY 1995 funds to issue, implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal contracts with companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

The Administration objects to an amendment that was added by the Committee that would mandate a minimum level of timber salvage sales from Forest Service and Bureau of Land Management lands. The Department of Justice has advised that enactment of this amendment would likely result in renewed judicial review of the President's Forest Plan and could reduce timber, grazing, and mining activities in the West. The Administration is already taking steps to restore and sustain significant levels of timber harvest in the immediate future. In addition, the Administration will shortly announce changes in the consultation process designed to expedite review of timber salvage sales as well as other actions to increase timber harvest, in full compliance with environmental laws.

The Administration is disappointed that the Committee has chosen to include urgently needed FEMA emergency supplemental funds in this controversial bill. This could cause an unnecessary delay in assistance to victims of natural disasters. If action on the Administration's request is delayed, FEMA will, beginning in May, be unable to allocate funds to meet any new disaster requirements, unless money reserved for the 40 states currently receiving disaster assistance is cut.

Additional Administration concerns with the Committee-reported bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS

H.R. 1158 -- MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS
FOR ADDITIONAL DISASTER ASSISTANCE AND MAKING RESCISSIONS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995,
AND FOR OTHER PURPOSES
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

FEMA Disaster Relief

P.L. 102-229, the Dire Emergency Supplemental Appropriations Act of 1992, contained a special provision on emergency designations under the Budget Enforcement Act (BEA) for FEMA Stafford Act activities. That provision specifies that all appropriations for disaster assistance in excess of the then historical annual average obligation of \$320 million (or the amount of the President's budget request, whichever is lower) "shall be considered as 'emergency requirements' pursuant to" the BEA, and "such amounts shall hereafter be so designated." This provision is permanent law applying in FY 1993 and "thereafter," and expressly applies "notwithstanding any other provision of law." In FY 1995, the President requested and the Congress did in fact appropriate \$320 million for FEMA disaster activities.

The Administration is disappointed that the Committee has decided to disregard this provision of law and to include this emergency funding in a controversial rescission bill, which will inevitably lead to delay.

Summer Jobs

The Summer Jobs Program provides meaningful work experience for hundreds of thousands of economically disadvantaged youth who might otherwise not have any opportunity to learn necessary job skills and workplace behaviors during crucial formative years. The proposed rescission would eliminate funding for the Summer Youth Employment program in each of the summers of 1995 and 1996, thereby eliminating job opportunities for about 615,000 disadvantaged youth in each of these summers. The Administration strongly believes that improving the job prospects of at-risk youth is an important element in a broader strategy to ensure employment opportunities for all Americans and a vibrant, productive workforce for U.S. business. The House is urged to restore funding for this important initiative.

National Service

The proposed \$210 million rescission for the Corporation for National and Community Service would reduce significantly the President's National Service program, depriving more than 15,000 young adults of the opportunity to serve their communities as an AmeriCorps member and earn an education benefit. The proposed rescission would eliminate funding for the opportunity for thousands of school children to learn about responsibility to their community for the first time.

This program has a proven track record. For example, AmeriCorps members have already reclaimed recreation areas in inner cities from gangs, and thousands of low-income and migrant children have received proper immunizations to protect their health.

The Administration strongly believes that national service is a key to solving problems inside America's communities. The House is urged to restore funding for this important program.

Women, Infants, and Children (WIC)

The bill would reduce funds available for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) by \$25 million. The WIC program provides nutritious supplemental foods to low-income pregnant, post-partum, and breastfeeding women, and to infants and children up to their fifth birthday. The Committee's action would result in 600,000 fewer food packages for women, infants, and children. Jeopardizing the health and welfare of these mothers and children cannot be justified.

Education Programs

The bill would reduce by over one-third (\$174 million) the funding for Goals 2000, which would greatly diminish support to States and communities for raising academic standards and improving their local schools. The bill also proposes to cut the Education for the Disadvantaged program by \$105 million, which would reduce services to educationally disadvantaged children. The bill's sharp reduction in funding for education technology programs (\$65 million) would enable fewer local communities to put state-of-the-art tools of learning in classrooms where they are most needed to prepare our students for the future.

Science and Technology

This Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in science and technology. These investments will lead to a healthy, educated public; job creation and economic growth; world

leadership in science, mathematics, and engineering; and harnessed information technology. The rescissions proposed in this bill for many of the programs in the Department of Commerce would severely threaten the United States' standing with respect to technology advancements and competitiveness.

The proposed rescission of funds for the Manufacturing Extension Partnership Program at the National Institute of Standards and Technology (NIST) would reduce the number of new centers established from 36 to 10. This would result in reduced access to state-of-the-art manufacturing technology and techniques by U.S. manufacturers -- a key component of the U.S. economy.

The \$30 million rescission proposed for the National Information Infrastructure Grants program would eliminate grants to about 70-90 schools, hospitals, non-profits, and state and local governments. This action would decrease the credibility of the program as a funding source and thus discourage private sector matching grants to program applicants.

Reductions are also proposed for the Department of Energy's (DOE) solar, renewable energy, and conservation research programs. Such reductions would threaten our national effort to implement fully the Energy Policy Act of 1992 and the Climate Change Action Plan. Reduction to the DOE science budget also would adversely impact climate change, human genome, and neutron research. In addition, the \$45 million reduction to the Environmental Management program would impede progress at several of the Department's cleanup sites.

The proposed rescission of \$16.8 million, or 10 percent of the operating budget of the National Biological Service in the Department of the Interior, this late in the fiscal year, will force the Service to consider closing one or more of the four major Centers located in Lafayette, Louisiana; Seattle, Washington; Ann Arbor, Michigan; and Anchorage, Alaska; as well as several other laboratories. This would severely hamper the Service's ability to provide basic scientific information to the land managing bureaus within the Department, including programs in the Pacific Northwest, and would eliminate joint State projects underway in more than 30 States.

The House is urged not to imperil our Nation's standing on the technology frontier.

Violent Crime and Drug Abuse Control

The Administration is concerned that the Committee has chosen to rescind nearly \$482 million in funding for the Safe and Drug Free School Program at the same time that every poll shows that crime and school safety are a major concern of Americans. This program is the centerpiece of the Administration's fight against the use of drugs and stimulants by an alarmingly increasing number of our youth.

The Administration opposes the Committee's recommendation to rescind \$65 million for violent crime prevention and drug control initiatives funded through the Violent Crime Reduction Trust Fund. Of this amount, nearly \$28 million would come from the Drug Courts program, which will provide drug treatment and real opportunities for rehabilitation for non-violent, first-time drug offenders. Another \$37 million would come from the Family and Community Endeavor Schools (FACES) program, which seeks to provide healthy alternatives to the streets for youth.

Housing Assistance

As currently drafted, this bill would threaten the well-being of our Nation's most needy and vulnerable citizens and would wreak havoc upon the stability of our Nation's most distressed communities. The draconian cuts targeted towards programs of the Department of Housing and Urban Development would deny help to 63,000 needy, low-income households, including many homeless families. The bill would also prevent another 24,000 homeless families from moving to transitional or permanent housing during this fiscal year. Hundreds of communities would lose money that they have counted on for critical community needs such as housing rehabilitation and social services for the elderly. The House is urged to restore funding to these vital areas.

In addition, the rescission of all FY 1995 funding for the Federal Government's primary rural multi-family rental housing direct loan program (section 515) would put thousands of rural residents living in existing Federal multi-family projects at risk and jeopardize the Government's investment in these projects. Many of the Department of Agriculture's projects need to be rehabilitated and, without the FY 1995 funding, would be in danger of being closed.

Community Development Financial Institutions (CDFI) Fund

The proposed rescission of \$124 million would terminate this program. Without this funding, the CDFI Fund would not be able to provide: \$10 million in direct loan subsidies to support over \$23 million of direct loans to CDFIs; \$50 million in grants, technical assistance, and other financial assistance to CDFIs; and \$20 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated \$500 million in investments, loans, and financial services in the country's most distressed communities. The House is urged to restore this funding.

International Programs

The bill does not appropriate the requested \$672 million emergency supplemental for assessed U.N. peacekeeping costs that will accrue during FY 1995. The United States is bound by treaty to pay these costs. Failure to pay them by the end of the fiscal year will imperil the continuity of U.N. missions in regions of great importance to the U.S. national security and foreign policy interests. Rather than approve the requested supplemental, the Committee has rescinded peacekeeping funds.

This bill provides only \$50 million of the \$275 million requested for Jordan debt forgiveness. This debt forgiveness is linked to the historic steps taken by King Hussein to conclude a peace agreement with Israel, an act that markedly improved prospects for overall peace in the region and that involved considerable risk for King Hussein. We urge the House to provide the requested funds for Jordan debt forgiveness in support of the hopeful developments in this region.

Highways - Emergency Relief

This bill would eliminate \$351 million in funding previously appropriated in response to the Northridge earthquake and other disasters. Over \$50 million of this amount is expected to be needed just to meet claims for flood damage in California and Washington. In addition to leaving the Department of Transportation unable to meet the funding needs of existing disasters, this rescission would eliminate the Department's ability to respond promptly to future disasters.

Instead of recommending rescission of these needed funds, the Administration urges the House to cancel unobligated balances of highway demonstration projects, as proposed in the President's FY 1996 Budget.

Drinking Water State Revolving Funds

The rescission of \$1.3 billion in funds to help municipalities comply with Safe Drinking Water Act requirements would seriously exacerbate local financing problems. Municipalities need almost \$9 billion in capital costs to comply with existing regulations and additional billions to comply with future rules needed to prevent problems such as the cryptosporidium outbreak in Milwaukee in 1993 that killed 100 people and caused illness in another 400,000.

Most affected by this rescission would be the 27 million people who get their water from a system that has violated drinking water standards. If Congress fails to authorize the drinking water state revolving fund program, these funds can be used without further Congressional action to address the \$137 billion in wastewater construction needs.

Coast Guard

The Administration opposes action to reduce Coast Guard operating expenses while supplementing funding for expenses related to operations in Haiti and Cuba. Offsets to pay for those activities deemed an emergency by the Administration are counterproductive. Additional cuts would negate the effects of the supplemental, thereby rendering the Coast Guard less able to provide the level of service the public expects.

Corporation for Public Broadcasting

The Administration believes that the Committee's action to reduce funding for the Corporation for Public Broadcasting (CPB) by a total of 23 percent from FY 1995 to FY 1997 is excessive and shortsighted. The Administration is committed to providing equal access to educational opportunities, particularly for young children, regardless of income or geographic location.



(F)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1158 -- MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS
FOR ADDITIONAL DISASTER ASSISTANCE AND MAKING RESCISSIONS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995,
AND FOR OTHER PURPOSES**

**H.R. 1159 -- MAKING SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995
AND FOR OTHER PURPOSES**

(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on the two supplemental appropriations and rescissions bills, H.R. 1158 and H.R. 1159, as reported by the House Appropriations Committee.

The Administration strongly opposes both of these bills in their present form. We believe that they unnecessarily cut valuable, proven programs that educate our children and aid the disadvantaged. The Administration also opposes cuts for programs that were established to ensure our Nation's role in the advancement of technology. We also strongly oppose a provision in the bill which would upset the balance contained in current law concerning Federal funding of abortions for the victims of rape and incest and a provision that would prohibit implementation of the Executive Order on striker replacements. Based on all of these considerations, if the President were presented a bill containing the provisions of these two bills, the Director of the Office of Management and Budget would recommend that he veto the bill.

As the President said in his February 14, 1995, letter, the Administration is proud of its record for reducing the deficit while providing prompt assistance to the victims of natural disasters. The Budget Enforcement Act, signed by President Bush, established the authority for the President and Congress to exempt certain spending from the statutory caps, specifically for the purpose of meeting emergency, unanticipated requirements. This joint designation by the President and the Congress has been used over the last four years to provide critical assistance in response to earthquakes, hurricanes, floods, extreme cold and agricultural disasters, and for other purposes.

The Administration remains firmly committed to deficit reduction. In 1993, the Administration worked with the Congress to enact the largest deficit reduction package in history. We cut Federal spending by \$255 billion over five years, cut taxes for 40 million low- and moderate-income Americans, and made 90 percent of small businesses eligible for tax relief, while increasing income tax rates only on the wealthiest 1.2 percent of Americans. As we placed a tight "freeze" on overall discretionary spending at the FY 1993 levels, we shifted spending toward investments in human and physical capital that will help secure our future.

This Administration's economic plan helped bring the deficit down from \$290 billion in FY 1992, to \$203 billion in FY 1994, to a projected \$193 billion this year -- providing three straight years of deficit reduction for the first time since Harry Truman was President.

We believe that we can address the issue of deficit reduction and provide for the Middle Class Bill of Rights without putting low-income families at risk. The Administration does not believe that sound programs, particularly those aimed at the disadvantaged and those that will ensure our Nation's standing in areas of science and technology, should be cut. It would be particularly unwise to make such cuts to finance a tax cut for higher-income taxpayers.

In the FY 1996 Budget, the President has proposed significant rescissions for FY 1995 and additional program terminations in FY 1996 for numerous low-priority programs. In contrast, the two House bills, H.R. 1158 and H.R. 1159, would impose severe reductions on a number of high-priority programs. These cuts would have a particularly harmful effect on our Nation's children by cutting funding for National Service, Summer Jobs, and WIC. Many of the cuts are shortsighted, reducing funding for education, for advanced technology programs that are critical to our Nation's future, and eliminating funding for the Community Development Financial Institutions (CDFI) Fund, which would be instrumental in leveraging investments in our country's most distressed communities. Other cuts would adversely affect the health of Americans by cutting safe drinking water funding and violent crime prevention programs.

The Administration is opposed to an amendment that was added by the Committee to H.R. 1159 that would allow states to decide to stop using public funds to pay for abortions in cases of rape and incest. The President believes that abortion should be safe, legal, and rare. The Administration is committed to ensuring that women who are victims of rape and incest have the right to choose abortion as an option. A woman should not be precluded from choosing this option if she is poor.

The Administration opposes a provision in the bill that would prohibit the Executive Branch from using FY 1995 funds to issue, implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal contracts with

companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

The Administration objects to an amendment that was added by the Committee that would mandate a minimum level of timber salvage sales from Forest Service and Bureau of Land Management lands. The Department of Justice has advised that enactment of this amendment would likely result in renewed judicial review of the President's Forest Plan and could reduce timber, grazing, and mining activities in the West. The Administration is already taking steps to restore and sustain significant levels of timber harvest in the immediate future. In addition, the Administration will shortly announce changes in the consultation process in order to expedite review of timber salvage sales as well as other actions to increase timber harvest, in full compliance with environmental laws.

The Administration is disappointed that the Committee has chosen to include urgently needed FEMA emergency supplemental funds in a controversial bill such as H.R. 1158. This could cause an unnecessary delay in assistance to victims of natural disasters. If action on the Administration's request is delayed, FEMA will, beginning in May, be unable to allocate funds to meet any new disaster requirements, unless money reserved for the 40 states currently receiving disaster assistance is cut.

Additional Administration concerns with the Committee-reported bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS

H.R. 1158 -- MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS
FOR ADDITIONAL DISASTER ASSISTANCE AND MAKING RESCISSIONS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995,
AND FOR OTHER PURPOSES

H.R. 1159 -- MAKING SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995,
AND FOR OTHER PURPOSES

(AS REPORTED BY THE HOUSE FULL COMMITTEE)

H.R. 1158 -- EMERGENCY SUPPLEMENTAL/RESCISSION BILL

FEMA Disaster Relief

P.L. 102-229, the Dire Emergency Supplemental Appropriations Act of 1992, contained a special provision on emergency designations under the Budget Enforcement Act (BEA) for FEMA Stafford Act activities. That provision specifies that all appropriations for disaster assistance in excess of the then historical annual average obligation of \$320 million (or the amount of the President's budget request, whichever is lower) "shall be considered as 'emergency requirements' pursuant to" the BEA, and "such amounts shall hereafter be so designated." This provision is permanent law applying in FY 1993 and "thereafter," and expressly applies "notwithstanding any other provision of law." In FY 1995, the President requested and the Congress did in fact appropriate \$320 million for FEMA disaster activities.

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The Summer Jobs Program provides meaningful work experience for hundreds of thousands of economically disadvantaged youth who might otherwise not have any opportunity to learn necessary job skills and workplace behaviors during crucial formative years. The proposed rescission would eliminate funding for the Summer Youth Employment program in each of the summers of 1995 and 1996, thereby eliminating job opportunities for about 615,000 disadvantaged youth in each of these summers.

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This program has a proven track record. For example, AmeriCorps members have already reclaimed recreation areas in inner cities from gangs, and thousands of low-income and migrant children have received proper immunizations to protect their health.

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Education Programs

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children. The bill's sharp reduction in funding for education technology programs (\$65 million) would enable fewer local communities to put state-of-the-art tools of learning in classrooms where they are most needed to prepare our students for the future.

Science and Technology

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Arbor, Michigan; and Anchorage, Alaska; as well as several other laboratories. This would severely hamper the Service's ability to provide basic scientific information to the land managing bureaus within the Department, including programs in the Pacific Northwest, and would eliminate joint State projects underway in more than 30 States.

The House is urged not to imperil our Nation's standing on the technology frontier.

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The Administration is concerned that the Committee has chosen to rescind nearly \$482 million in funding for the Safe and Drug Free School Program at the same time that every poll shows that crime and school safety are a major concern of Americans. This program is the centerpiece of the Administration's fight against the use of drugs and stimulants by an alarmingly increasing number of our youth.

The Administration opposes the Committee's recommendation to rescind \$65 million for violent crime prevention and drug control initiatives funded through the Violent Crime Reduction Trust Fund. Of this amount, nearly \$28 million would come from the Drug Courts program, which will provide drug treatment and real opportunities for rehabilitation for non-violent, first-time drug offenders. Another \$37 million would come from the Family and Community Endeavor Schools (FACES) program, which seeks to provide healthy alternatives to the streets for youth.

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In addition, the rescission of all FY 1995 funding for the Federal Government's primary rural multi-family rental housing direct loan program (section 515) would put thousands of rural residents living in existing Federal multi-family projects at risk and jeopardize the Government's investment in these projects. Many of the Department of Agriculture's projects need to be rehabilitated and, without the FY 1995 funding, would be in danger of being closed.

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International Programs

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Highways - Emergency Relief

This bill would eliminate \$351 million in funding previously appropriated in response to the Northridge earthquake and other disasters. Over \$50 million of this amount is expected to be needed just to meet claims for flood damage in California and Washington. In addition to leaving the Department of Transportation unable to meet the funding needs of existing disasters, this rescission would eliminate the Department's ability to respond promptly to future disasters. Instead of recommending rescission of these needed funds, the Administration urges the House to cancel

unobligated balances of highway demonstration projects, as proposed in the President's FY 1996 Budget.

Drinking Water State Revolving Funds

The rescission of \$1.3 billion in funds to help municipalities comply with Safe Drinking Water Act requirements would seriously exacerbate local financing problems. Municipalities need almost \$9 billion in capital costs to comply with existing regulations and additional billions to comply with future rules needed to prevent problems such as the cryptosporidium outbreak in Milwaukee in 1993 that killed 100 people and caused illness in another 400,000.

Most affected by this rescission would be the 27 million people who get their water from a system that has violated drinking water standards. If Congress fails to authorize the drinking water state revolving fund program, these funds can be used without further Congressional action to address the \$137 billion in wastewater construction needs.

Coast Guard

The Administration opposes action to reduce Coast Guard operating expenses while supplementing funding for expenses related to operations in Haiti and Cuba. Offsets to pay for those activities deemed an emergency by the Administration are counterproductive. Additional cuts would negate the effects of the supplemental, thereby rendering the Coast Guard less able to provide the level of service the public expects.

Corporation for Public Broadcasting

The Administration believes that the Committee's action to reduce funding for the Corporation for Public Broadcasting (CPB) by a total of 23 percent from FY 1995 to FY 1997 is excessive and shortsighted. The Administration is committed to providing equal access to educational opportunities, particularly for young children, regardless of income or geographic location.

H.R. 1159 -- NON-EMERGENCY SUPPLEMENTAL/RESCISSION BILL

International Programs

This bill provides only \$50 million of the \$275 million requested for Jordan debt forgiveness. This debt forgiveness is linked to the historic steps taken by King Hussein to conclude a peace agreement with Israel, an act that markedly improved prospects for overall peace in the region and that involved considerable risk for King Hussein. We urge the House to provide the requested funds for Jordan debt forgiveness in support of the hopeful developments in this region.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 15, 1995 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1868 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED
PROGRAMS APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Callahan (R), Alabama
Hatfield (R), Oregon; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on the item reported in disagreement by the conference on H.R. 1868, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996. Your consideration of the Administration's views would be appreciated.

The Administration opposes the substitute for section 518, as it passed the House. The substitute language would require that all funding for international population activities, including the U.S. contribution to the United Nations Population Fund (UNFPA), be subject to specific authorization, a requirement to which no other program in this bill is subjected. The effect of this provision would be to strip the bill of funding for international family planning and risk the end of all U.S. support for these vital programs and services. If the substitute language were included in the final Foreign Operations appropriations conference report, the Secretary of State would recommend that the President veto the bill.

If the bill were passed without the previous House-passed language on population (section 518), without the substitute House language adopted on December 13, 1995, and without alternative language that has the effect of reinstating restrictions on the privately funded legal activities of foreign non-governmental organizations, the Secretary of State would recommend that the President sign the bill.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 3, 1995 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1215 - Tax Fairness and Deficit Reduction Act

(To be amended by text of H.R. 1327, introduced by Kasich (R) OH)

The Administration strongly opposes enactment of H.R. 1215 because it is fiscally irresponsible and would provide disproportionate tax benefits to the wealthy at the expense of programs for average Americans. If H.R. 1215 were presented to the President in its current form, the Secretary of the Treasury and the Director of OMB would recommend a veto.

More than half of the tax cuts contained in H.R. 1215 would benefit families with incomes over \$100,000. Moreover, the top 1 percent -- families earning \$350,000 or more -- would receive 20 percent of the benefits of the tax cuts; and the top 5 percent of families would receive two-thirds of the tax benefits from the capital gains provisions. In addition, the repeal of the corporate alternative minimum tax would return us to the days when large, profitable corporations could avoid paying any income taxes.

The tax cuts in H.R. 1215 would seriously obstruct efforts to reduce the deficit. Revenues would be reduced by \$630 billion over 10 years. In particular, the cost of the depreciation system proposed in H.R. 1215 would explode outside the five-year budget window. In fact, in FY 2002 alone, the tax cuts would cause a revenue loss of \$92 billion. As a result, an effort to achieve a balanced budget by FY 2002 -- assuming the mandatory savings proposed in this bill and the House-passed welfare reform bill, and a freeze in defense spending proposed by some Members of Congress -- would require that total non-defense discretionary spending be cut by 89 percent below current levels.

Moreover, many of those budget offsets are highly objectionable. Reductions in health and nutrition programs for children and families -- such as school lunches -- should not pay for tax cuts for the wealthy.

The proposal by some House members to reduce the eligibility cap for the family tax credit from \$200,000 to \$95,000 is a small step in the right direction. Even with this change, however, the bill would still provide more than half its benefits to families with incomes above \$100,000.

By contrast, the Democratic substitute would target tax relief to the middle class and encourage savings and investment in education -- goals that the Administration supports.

Pay-As-You-Go Scoring

H.R. 1215 would affect receipts and direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Administration's preliminary scoring estimates of this bill are presented below. Final scoring of this legislation may deviate from these estimates.

OMB PRELIMINARY SCORING OF H.R. 1327, TAX FAIRNESS AND DEFICIT REDUCTION ACT
(in billions of dollars)

	1995	1996	1997	1998	1999	2000	1995-2000
Revenues (deficit impact):							
Tax cut.....	-3.1	4.4	24.0	35.6	51.3	65.9	178.1
Retirement-employee share.....	=	-0.9	-1.6	-2.1	-2.3	-2.4	-9.4
Subtotal, revenues.....	-3.1	3.5	22.4	33.5	49.0	63.5	168.7
Outlays:							
Payment from HI to OASDI 1/.....	--	2.4	2.4	1.7	1.0	0.2	7.7
Discretionary savings.....	--	-11.9	-18.5	-29.0	-30.8	-31.3	-121.5
Federal retirement reforms:							
Benefit change.....	--	-0.0	-0.1	-0.1	-0.2	-0.2	-0.6
Retirement-employer share 2/.....	=	=	=	=	=	=	=
Subtotal, federal pension reform.....	--	-0.0	-0.1	-0.1	-0.2	-0.2	-0.6
FCC spectrum.....	--	--	--	-0.4	-0.8	-0.8	-2.0
Uranium Enrichment Corporation.....	--	-0.7	-1.1	-0.0	-0.1	-0.2	-2.0
Medicare extenders.....	=	-0.1	-0.5	-0.7	-3.0	-5.1	-9.4
Subtotal, outlays.....	=	-10.3	-17.8	-28.4	-33.8	-37.4	-127.8
Total.....	-3.1	-6.9	4.6	5.0	15.2	26.1	40.9

1/ OMB estimate not available at this time.

2/ OMB does not score intragovernmental effects. OMB assumes there will be a discretionary cap adjustment for employer-share retirement.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 5, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1215 - Tax Fairness and Deficit Reduction Act

The Administration strongly opposes enactment of H.R. 1215 because it is fiscally irresponsible and would provide disproportionate tax benefits to the wealthy at the expense of programs for average Americans. If H.R. 1215 were presented to the President in its current form, the Secretary of the Treasury and the Director of OMB would recommend a veto.

More than half of the tax cuts contained in H.R. 1215 would benefit families with incomes over \$100,000. Moreover, the top 1 percent -- families earning \$350,000 or more -- would receive 20 percent of the benefits of the tax cuts; and the top 5 percent of families would receive two-thirds of the tax benefits from the capital gains provisions. In addition, the repeal of the corporate alternative minimum tax would return us to the days when large, profitable corporations could avoid paying any income taxes.

Moreover, many of the budget offsets are highly objectionable. Reductions in health and nutrition programs for children and families -- such as school lunches -- should not pay for tax cuts for the wealthy.

The tax cuts in H.R. 1215 would seriously obstruct efforts to reduce the deficit. Revenues would be reduced by \$630 billion over 10 years. In particular, the cost of the depreciation system proposed in H.R. 1215 would explode outside the five-year budget window. In fact, in FY 2002 alone, the tax cuts would cause a revenue loss of \$92 billion. As a result, an effort to achieve a balanced budget by FY 2002 -- assuming the mandatory savings proposed in this bill and the House-passed welfare reform bill, and a freeze in defense spending proposed by some Members of Congress -- would require that total non-defense discretionary spending be cut by 89 percent below current levels.

The courts would likely hold unconstitutional the proposal by the Rules Committee to make the tax reductions contingent on deficit reduction. Under the provision, the tax cuts would not take effect unless both the House and the Senate approve:

(1) an FY 1996 budget resolution which provides for a balanced budget in FY 2002; and (2) a conference report on the Reconciliation bill containing provisions which (if enacted) would achieve the required amount of deficit reduction -- according to a statement of the conferees based on CBO estimates. This delegation of authority to the legislative branch -- i.e., to trigger the tax cuts -- is likely to be held unconstitutional.

It is regrettable that the House will not be voting on a proposal by some House members to reduce the eligibility cap for the family tax credit from \$200,000 to \$95,000. This would have been a small step in the right direction. Even with this change, however, the bill would have provided more than half its benefits to families with incomes above \$100,000.

By contrast, the Democratic substitute would target tax relief to the middle class and encourage savings and investment in education -- goals that the Administration supports.

Pay-As-You-Go Scoring

H.R. 1215 would affect receipts and direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Administration's preliminary scoring estimates of this bill are presented below. Final scoring of this legislation may deviate from these estimates.

OMB PRELIMINARY SCORING OF H.R. 1327, TAX FAIRNESS AND DEFICIT REDUCTION ACT
(in billions of dollars)

	1995	1996	1997	1998	1999	2000	1995-2000
Revenues (deficit impact):							
Tax cut.....	-3.1	4.4	24.0	35.6	51.3	65.9	178.1
Retirement-employee share.....	=	-0.9	-1.6	-2.1	-2.3	-2.4	-9.4
Subtotal, revenues.....	-3.1	3.5	22.4	33.5	49.0	63.5	168.7
Outlays:							
Payment from HI to OASDI 1/.....	—	2.4	2.4	1.7	1.0	0.2	7.7
Discretionary savings.....	—	-11.9	-18.5	-29.0	-30.8	-31.3	-121.5
Federal retirement reforms:							
Benefit change.....	—	-0.0	-0.1	-0.1	-0.2	-0.2	-0.6
Retirement-employer share 2/.....	=	=	=	=	=	=	=
Subtotal, federal pension reform.....	—	-0.0	-0.1	-0.1	-0.2	-0.2	-0.6
FCC spectrum.....	—	—	—	-0.4	-0.8	-0.8	-2.0
Uranium Enrichment Corporation.....	—	-0.7	-1.1	-0.0	-0.1	-0.2	-2.0
Medicare extenders.....	=	-0.1	-0.5	-0.7	-3.0	-5.1	-9.4
Subtotal, outlays.....	=	-10.3	-17.8	-28.4	-33.8	-37.4	-127.8
Total.....	-3.1	-6.9	4.6	5.0	15.2	26.1	40.9

1/ CBO estimates; OMB estimate not available at this time.

2/ OMB does not score intragovernmental effects. OMB assumes there will be a discretionary cap adjustment for employer-share retirement.

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May 22, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1561 - American Overseas Interest Act of 1995
(Gilman (R) New York)

If H.R. 1561 were presented to the President, the Secretary of State, the Secretary of Defense, the Secretary of the Treasury, the U.S. Ambassador to the United Nations, the Administrator of the Agency for International Development (AID), the Director of the U.S. Arms Control and Disarmament Agency (ACDA), and the Director of the U.S. Information Agency (USIA) would recommend that the bill be vetoed.

H.R. 1561 would seriously undermine the President's prerogatives and authorities to carry out U.S. foreign policy, and deprive the United States of the resources necessary to exercise leadership in addressing the complex challenges of the post-Cold War world.

Among its most objectionable provisions, H.R. 1561 would:

- Impose Unnecessary Foreign Policy and Other Restrictions.
H.R. 1561 imposes numerous unnecessary restrictions on the ability of the President to conduct American foreign policy. Some of these restrictions would also unacceptably infringe on the President's constitutional authorities. Restrictions and limitations on the President's Contingency and Special Authorities would hamper the ability of the United States to respond to rapidly changing circumstances. Limits on U.N. participation and funding would severely undermine U.S. leadership in the multilateral system.

Further restrictions would inhibit achievement of important foreign policy goals, such as: implementing and funding the Framework Agreement with North Korea; maintaining a stable relationship with China; debt reduction for the poorest countries; implementing the Comprehensive Plan of Action for Indochinese refugees; stemming illegal alien smuggling; eliminating country-specific restrictions such as those on humanitarian and other assistance to Nicaragua; democracy building and market reform in Russia; and funding family planning activities. The bill would also establish numerous overly broad or otherwise counterproductive conditions on the ability to provide foreign assistance and conduct related programs.

-- Eliminate Three Foreign Affairs Agencies. The Administration is proceeding vigorously with its efforts to streamline AID, ACDA, USIA, and the Department of State. Under the Administration's streamlining efforts, the foreign affairs agencies are reducing staffing by 4,700 positions, cutting bureaucratic layers and duplication, eliminating low-priority posts and programs, re-engineering their business processes, establishing common administrative services, and realizing program and administrative savings.

By contrast, the approach of H.R. 1561 -- requiring consolidation of AID, ACDA, and USIA into a "Super" State Department -- is seriously flawed. The resulting megabureaucracy would be unwieldy, costly, and ineffective, and would seriously impair the conduct of U.S. foreign policy.

-- Reduce Foreign Affairs Authorization Levels. The FY 1996 International Affairs budget request, which accounts for 1.3 percent of total Federal spending, is essential to advancing U.S. foreign policy goals. H.R. 1561 authorizes programs at significantly reduced levels with many earmarks and limitations, which would damage the Administration's ability to protect America's security, economic, and other interests around the world. This diminution of U.S. global leadership, which this bill endorses, is short-sighted and dangerous. The safety and interests of all Americans, as well as those of future generations, relies on the constancy and active engagement of this country in global affairs to foster a safe and open world community.

Pay-As-You-Go Scoring

H.R. 1561 would affect receipts and direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may differ from these estimates.

PAY-AS-YOU-GO ESTIMATES
(\$ in millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>1996-2000</u>
Net deficit effect	17	6	25	17	13	78

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 14, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1745 - Utah Public Lands Management Act
(Reps. Hansen (R) UT and 38 others)

If H.R. 1745 were presented to the President in its current form, the Secretary of the Interior would recommend that the bill be vetoed.

H.R. 1745 fails to protect sufficient areas as wilderness and would severely impede the Federal Government's ability to manage the designated public areas as wilderness and manage properly the surrounding public lands. Specifically, the bill would prohibit the management of other public lands that the Bureau of Land Management (BLM) administers in the State of Utah, including lands that BLM may acquire in the future, for their wilderness value. Instead, the bill would require that the lands be managed for "non-wilderness multiple uses" only. This could preclude any BLM management action that could have the incidental effect of protecting any characteristic or quality of an area that resembles designated wilderness. Such action is unprecedented and inappropriate given that these lands could warrant wilderness designation now or in the future.

In addition, the bill would:

- Permit activities within the designated wilderness areas that, under the current wilderness designation, would be either prohibited or restricted. This would frustrate wilderness management efforts, and calls into serious question the value of the designation, as it would be impossible to guarantee the integrity of a designated wilderness area and could result in less protection inside the wilderness area.
- Mandate land exchanges between the United States and the State of Utah where Federal land values may be five

to ten times more than State land values. The Administration cannot support such a restrictive and inequitable exchange.

- Eliminate the authority of the Secretary of the Interior to close or limit access to any road located within designated wilderness areas, except for public safety concerns.

Pay-as-You-Go Scoring

H.R. 1745 would increase direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill indicates that its enactment would increase the deficit by less than \$500,000 per year during FYs 1997-2001. Final scoring of this legislation may deviate from this estimate.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 7, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1833 -- Partial-Birth Abortion Ban Act of 1995
(Rep. Canady (R) FL and 115 others)

The President believes that the decision to have an abortion should be between a woman, her conscience, her doctor, and her God. He believes that legal abortions should be safe and rare. The President has long opposed late-term abortions except where they are necessary to protect the life of the mother or where there is a threat to her health, consistent with the law. The Supreme Court has ruled that "Roe forbids a state from interfering with a woman's choice to undergo an abortion procedure if continuing her pregnancy would constitute a threat to her health." Therefore, the Administration cannot support H.R. 1833 because it fails to provide for consideration of the need to preserve the life and health of the mother, consistent with the U.S. Supreme Court's decision in Roe v. Wade.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 6, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1833, Partial-Birth Abortion Ban Act of 1995
(Rep. Canady (R) FL and 115 others)

The President believes that the decision to have an abortion should be between a woman, her conscience, her doctor, and her God. He believes that legal abortions should be safe and rare. The President has long opposed late-term abortions except where they are necessary to protect the life of the mother or where there is a threat to her health, consistent with the law. The Supreme Court has ruled that "Roe forbids a state from interfering with a woman's choice to undergo an abortion procedure if continuing her pregnancy would constitute a threat to her health." Therefore, the Administration cannot support H.R. 1833 because it fails to provide for consideration of the need to preserve the life and health of the mother, consistent with the U.S. Supreme Court's decision in Roe v. Wade. If the bill is not amended to rectify these constitutional defects, the Attorney General and the White House Counsel will recommend that the President veto the bill.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

September 20, 1995
(Senate Floor) (SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1868 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996

(Sponsors: Hatfield (R), Oregon; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 1868, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, the amount provided by the Committee falls short of what the Administration believes is needed to implement an effective foreign policy, one that advances the interests of the American people and protects U.S. economic and strategic interests abroad. In addition, the Administration does not share all of the priorities reflected in the Committee bill.

The Administration welcomes a number of actions taken by the Committee, including an increase in the overall funding level above the House level and increases in a number of individual programs that are of high priority to the Administration. The Administration also strongly supports the Committee's removal of some restrictions on funds for non-governmental organizations providing family planning services abroad, the inclusion of authority for the drawdown of military goods and services for Jordan, and the inclusion of the Middle East Peace Facilitation Act.

However, the Administration is deeply concerned about several language provisions contained in the Committee bill. The Committee's constraints on support for the Korea Energy Development Organization (KEDO) would frustrate major gains being made to support non-proliferation efforts in North Korea. If the

U.S. were to fail to provide funds to support implementation of the agreed framework, the North Koreans would be able to blame the U.S. for not abiding by its commitments. A resumption of the North Korean nuclear weapons program would ultimately cost hundreds of millions of dollars -- even billions of dollars -- more than the \$22 million U.S. contribution to the KEDO.

Provisions of the Committee bill that would deny assistance to Russia because of its relationship with Iran and remove the waiver relating to the maintenance of territorial integrity would threaten a number of major U.S. objectives in Russia. The assistance to Russia, Ukraine, and the rest of the New Independent States is in the interest of the United States. These provisions are not appropriate levers to influence Russian actions. By conditioning or cutting off aid, these provisions would harm the very elements of reform that will bring about essential economic and democratic changes.

The Administration has a number of serious concerns about other provisions of the bill. With regard to resources, additional funding is particularly needed for such programs as the Economic Support Fund, contributions to the International Development Association, foreign military financing, Agency for International Development operating expenses and contributions to international organizations and programs and to voluntary peacekeeping operations. Further, the Committee has made reductions to several programs, including the North American Development Bank, International Disaster Assistance, International Military Education and Training, and the International Fund for Ireland, that the Administration believes should be restored. These adjustments, and others, are feasible within the framework of the funding plan that the Administration has provided to the Subcommittee.

The Administration is concerned that, unlike the House-passed bill, the Senate Committee bill provides a number of funding earmarks, including those on assistance to the New Independent States of the former Soviet Union, on international anti-crime programs, and on population funding. Given the severe constraints on the amount of funds available, these earmarks would be particularly burdensome and would vitiate some of the benefit of the funds that are provided.

The Committee bill would create an omnibus economic assistance account combining a number of currently separate accounts. The Administration has proposed account consolidation for certain bilateral development assistance programs but does not support this proposal. The most troublesome aspect of this

proposal is that FY 1996 funding for the components of the account would be set according to a rigid formula that would not provide flexibility to respond to changing needs. A similar formula would be applied to the majority of the funds for voluntary contributions to international organizations and programs. The Administration is willing to work further with the Congress on account structure but urges the Senate not to adopt the Committee's approach.

Finally, Committee language requiring notifications for voluntary peacekeeping expenditures and language making it more difficult to waive the current prohibition on indirect aid to certain countries would further impair the Administration's ability to respond to rapidly developing events. The bill's restriction on counter-narcotics programs in Burma would seriously undermine U.S. efforts to attack the heart of the heroin production problem at a time when heroin addiction is of growing concern here at home. The Administration urges the Senate to remove this language from the bill.

The Administration would oppose any Floor amendments that would attempt to limit the President's ability to carry out foreign policy.

The Administration believes that it is possible to produce a mutually acceptable bill that will meet the most important foreign policy objectives, particularly if the Senate gives favorable consideration to the Administration's concerns discussed above.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

F

October 31, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1868 -- FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED
PROGRAMS APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Callahan (R), Alabama)

This Statement of Administration Policy provides the Administrations's views on the item reported in disagreement by the conference on H.R. 1868, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996. Your consideration of the Administration's views would be appreciated.

The conferees have reported in disagreement provisions related to population assistance to non-governmental organizations. This is an issue of the highest importance to the Administration.

The Administration opposes coercion in family planning practices, and no U.S. assistance is used to pay for abortion as a method of family planning. The House provision, however, would prohibit any assistance from being provided to entities that fund abortions or lobby for abortions with private funds, thus ending U.S. support for many qualified and experienced non-governmental organizations providing vital voluntary family planning information and services. The provision would also end U.S. support for the United Nations Population Fund (UNFPA). This would sharply limit the availability of effective voluntary family planning programs abroad that are designed to reduce the incidence of unwanted pregnancy and thereby decrease the need for abortion. The Administration also has serious concerns about the constitutionality of the House provision. If the House language were included in the bill presented to the President, the Secretary of State would recommend to the President that he veto the bill.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1868 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED
PROGRAMS APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Callahan (R), Alabama)

This Statement of Administration Policy provides the Administration's views on the item reported in disagreement by the conference on H.R. 1868, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1996. Your consideration of the Administration's views would be appreciated.

The Administration opposes the substitute for section 518 that is made in order under the rule. The substitute language would require that all funding for international population activities, including the U.S. contribution to the United Nations Populations Fund (UNFPA), be subject to specific authorization, a requirement to which no other program in this bill is subjected. The effect of this provision would be to strip the bill of funding for international family planning and risk the end of all U.S. support for these vital programs and services. If the substitute language were included in the final Foreign Operations appropriations conference report, the Secretary of State would recommend that the President veto the bill.

If the previous House-passed language on population contained in section 518 and the substitute language were dropped, the Secretary of State would recommend that the President sign the bill.



June 22, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1868 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Callahan (R), Alabama)

This Statement of Administration Policy provides the Administration's views on H.R. 1868, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, as reported by the Appropriations Committee. While the Administration is quite concerned that the funding levels for some programs in the bill limit its ability to carry out an effective foreign policy, the Administration will not oppose H.R. 1868 at this time because we want to work with the Congress to improve the bill as it moves through the legislative process. But, we will have great difficulty supporting H.R. 1868 if improvements are not made.

The Administration commends the Appropriations Committee on two important aspects of its mark-up. First, the bill as reported by the Committee is substantially free of funding earmarks. This will give the Executive Branch much needed flexibility to use scarce foreign assistance funds to meet the complex foreign policy challenges of the current era. Second, the bill does not inappropriately legislate a consolidation of the Agency for International Development into the Department of State. Any such consolidation would seriously impair the ability of the United States to carry out its international policies and programs in an effective way. The Administration strongly urges the House to uphold these two positive aspects of the Committee bill.

At the same time, the Administration is deeply concerned over the large reductions in appropriations for some international affairs programs. The funds requested by the Administration for the programs funded through H.R. 1868 amount to less than one percent of the Federal budget, but they are critical to achieving security, economic, and humanitarian objectives abroad that are widely supported by Americans.

The Administration recognizes that the amounts included in the Committee bill are in great part determined by the congressional budget process. These budget constraints, however, should not needlessly undermine our legitimate leadership role in today's world. To this end, the Administration intends to work to provide additional funding for these programs in subsequent stages of the appropriations process.

Because of the large reductions the Committee has made in a number of programs, any further reductions on the floor of the House would be certain to impair severely the achievement of key foreign policy objectives. The Administration will strongly oppose any amendments that reduce still further the funding levels contained in this bill as well as amendments that infringe upon the President's prerogatives to conduct foreign policy.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Hatfield (R), Oregon; Gorton (R), Washington)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate Committee 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. The Committee bill is \$1.7 billion below the President's request.

The Administration is pleased that the Senate Committee has improved funding levels over the House-passed bill for several key investments and agencies. Notably, the Administration commends the Committee for increasing funds for science in the Department of the Interior, especially for the Natural Resource Science Agency; and for allowing implementation of the 1994 California Desert Wilderness Act by restoring management of the East Mojave National Preserve to the National Park Service.

Despite these improvements, the Senate Committee has added new legislative restrictions, reduced funding for high-priority investment programs, continued funding for low-priority items, and made additional devastating cuts in programs of the Bureau of Indian Affairs. In addition to these changes, many of the previously stated objections to the House-passed bill have not been addressed. For the reasons outlined below, the Secretary of the Interior and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him as reported by the Senate Committee.

Patent Moratorium

The Administration strongly opposes the Committee's decision not to continue the current moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns to taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury.

Native American Programs

The Committee's \$435 million reduction to the request for Bureau of Indian Affairs (BIA) programs would devastate tribal governments and other basic services to reservations, reversing progress that has been made towards meaningful self-determination. The Administration strongly opposes the 35-percent cut for Tribal Priority Allocation (TPA) programs, which include basic tribal government operations, law enforcement, housing improvement, general assistance, child welfare, and vocational training. The TPA programs are the Tribes' highest priority.

The Administration strongly opposes the transfer of responsibility for all trust programs from the Assistant Secretary - Indian Affairs to a special trustee's office in the Office of the Secretary of the Interior. This action, coupled with an \$18 million reduction for trust operations, would impair ongoing efforts to improve the management of trust funds.

The Administration objects to the Committee's 58-percent reduction to BIA's Central Office functions. Resulting severance costs would necessitate the termination of almost all Washington and Albuquerque Central Office staff, leaving the BIA with insufficient resources to provide policy direction or to correct material weaknesses. Further, the Committee's proposed 46-percent reduction in Area Office functions would force the closure or consolidation of offices, jeopardizing technical assistance to Tribes.

Funding BIA schools at \$30 million below the request, as recommended by the Committee, would severely limit the BIA's ability to operate schools on reservations in accordance with State and regional accreditation standards, would not allow for transportation to day and boarding schools, and would jeopardize school safety.

The Administration strongly opposes the 35-percent reduction from the request for the Department of Education's Indian Education programs, which primarily serve the 90 percent of Native American children who attend public rather than BIA-funded

schools and provide literacy services and fellowships for Native American adults. These programs provide supplemental academic and enrichment services that would otherwise be unavailable to these students.

The Administration strongly objects to the \$92 million reduction to the request for the Indian Health Service (IHS). This action would impede the ability of IHS to maintain basic health services for Native Americans and Alaskan Natives at current levels.

Endangered Species Act

The Administration strongly objects to the Committee's moratorium on endangered species listings and critical habitat designations. The Administration also objects to the 29-percent reduction in funding for Endangered Species Act (ESA) programs in the Fish and Wildlife Service (FWS). These activities are preventive measures that help keep species off the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the ability of the FWS to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would cost more money and cause more economic, social, and environmental conflicts in the long run.

Columbia River Basin Ecoregion Assessment Project

The Administration is opposed to the appropriations language and funding restrictions of the Committee bill that would discontinue the Columbia River Basin Ecoregion Assessment Project. This project, entering its final year, uses a coordinated, multi-agency approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin. By establishing unrealistic timelines for analyzing data and information and finishing environmental impact statements, the Committee would prevent the use of scientific and economic information collected to date on the project. This analysis is crucial for updating forest plans based on the most recent, scientifically credible information. Eliminating the project so close to its completion would jeopardize both the ability of the Forest Service and the Bureau of Land Management (BLM) to maintain a sustainable flow of timber and the production of other goods and services generated by the forests in the affected area.

Pacific Northwest

The Administration strongly opposes the Committee's reduction of funding for several economic and environmental activities in the Pacific Northwest. The BLM would not be able to meet its timber targets at these reduced levels. The Fish and

Wildlife Service would not be able to approve timber sales for the land management agencies or work with private landowners under special rules proposed by the Administration to ease spotted owl taking prohibitions on private lands. Reduced funding would also mean fewer employment opportunities under the "Jobs in the Woods" program. The Administration urges the Senate to restore funding for economic and environmental activities in the Pacific Northwest.

Tongass National Forest

The language in this bill that directs the Forest Service program in the Tongass National Forest undermines responsible forest management. This would, for the first time ever, displace a scientific and public process with specific direction from Congress. This would be the first time that Congress has directed the Forest Service to use a particular forest management plan. That means the Forest Service would have to ignore over 6,000 public comments that it has received on this plan. It also ignores the scientific research that has been done on this plan since its original publication. The result is that logging companies would harvest timber in some of the most environmentally sensitive areas of the Tongass. This could, in turn, lead to legal challenges that could delay the whole program, cause court intervention to halt logging and put timber-related jobs at risk.

Department of Energy

The Administration opposes funding the Clean Coal Technology program at \$140 million over the request, particularly at the expense of higher-priority needs such as Energy Conservation. These additional funds will not be obligated in FY 1996 since there is approximately \$1 billion in unobligated funds in the account.

The Administration strongly opposes the Committee's overall 38-percent reduction to the Energy Conservation request, which would seriously disrupt several high-priority initiatives. The Committee's 40-percent cut in the State Grants program would mean that 40,000 to 50,000 low-income homes would not be weatherized and would greatly hinder implementation of the State block grants initiative. The 37-percent cut in Energy Conservation research and development would make meeting climate change and greenhouse gas reduction goals almost impossible, would compromise industry partnerships aimed at improving the energy efficiency of buildings and industry, and would seriously jeopardize the Partnership for a New Generation of Vehicles program.

AmeriCorps

The Administration objects to language included in the Committee-reported bill that would prohibit the use of funds provided in the bill for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities. For example, at the Everglades-South Florida project, 110 Americorps members have installed, calibrated, and placed in operation 30 of the 40 planned water monitoring stations, saving \$250,000 annually. The Senate is urged to delete this language from the bill.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 1977 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1996

(AS PASSED BY THE SENATE COMMITTEE)

The Outer Continental Shelf

The Administration strongly supports the Committee's decision to reinstate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). Maintaining these moratoria will protect the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal States. It will also aid Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems.

Department of the Interior

The Administration supports the Committee's decision to increase funding for science programs within the Department of the Interior. The Natural Resource Science Agency, the U.S. Geological Survey, and the Bureau of Mines provide key research and analysis on natural resource issues for land and resource managers within Federal, State, and local agencies.

The Administration does not support the Committee's action that would underfund natural resource protection and land management operations in the National Park Service (NPS), Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced \$170 million, or seven percent, below the request.

The Administration opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs. The Committee added \$50 million for land acquisition and construction projects not requested by the Administration, including \$24.9 million for 16 add-on NPS construction projects, many of which have no priority for construction and a few which have no planning completed.

The Administration opposes the 21-percent reduction to the Abandoned Mine Lands Reclamation program managed by the Office of Surface Mining (OSM). This reduction would impede the ability of OSM to respond to emergencies, such as

mudslides and subsidence, that threaten the safety of coal field residents. The 54-percent reduction in OSM's fee compliance program would jeopardize the collection of over \$240 million in reclamation fees.

Section 2477 of the Revised Statutes (RS 2477)

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. This regulation would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Forest Service, Department of Agriculture

The Administration commends the Senate for restoring funds for construction, which are needed to rehabilitate decaying infrastructure and improve trails and facilities on National Forest lands and for land acquisition. However, the elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of \$27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the Senate to reallocate funds for higher priority programs, such as the Stewardship Incentives Program.

Department of Energy

The Administration supports the Committee's decision to eliminate section 319 of the House-passed bill, but objects to the revised section 320. The revised provision would prevent the establishment of efficiency standards for fluorescent lights, which would cost consumers millions of dollars.

Cultural Agencies

The Administration commends the Committee for restoring funding for the Smithsonian's National Museum of the American Indian. These funds are needed to ensure timely construction and to maintain the safety of many artifacts that have been stored in substandard conditions.

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Committee. The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role

in the preservation of American artistic and cultural heritage and expression. The NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on regional economies and in leveraging private funds for the Federal funds invested.

Objectionable Provisions

The Administration objects to several provisions, which seek to micromanage agency activities and impede the ability of the agencies to accomplish their work efficiently and effectively. Some specific concerns related to these objectionable provisions follow:

Refuge Management Restrictions. The Administration objects to the Committee's attempt to micromanage specific National Wildlife Refuges. Language overturning the Department's pesticide use policy on two refuges in northern California would actively undermine the conservation purpose of these refuges by allowing the use of pesticides on lands leased for agriculture that have been documented as killing migratory birds and endangered species and impairing the reproductive ability of certain species. This language would increase the risk of pesticide-related deaths to several species, including bald eagles and waterfowl.

Interference with Tribal Self-Governance. The Administration objects to language that would penalize self-governance tribes in Washington State for asserting their rights in disputes with non-tribal owners of land within reservations. The language would unfairly preclude settlement of such disputes through dispute resolution mechanisms open to all citizens. The Department of the Interior is involved in negotiations with the State of Washington, the Lummi Tribe, and private property owners to resolve the water dispute on the Lummi reservation. This language would undermine the dispute resolution process.

Restrictions on Restructuring. The Administration objects to restrictions on the distribution of Bureau of Mines resources that would have the effect of overturning the long-planned streamlining of the Bureau, which was a recommendation of the National Performance Review. The Administration also objects to restrictions on the implementation of the Forest Service's restructuring plans which have also resulted

from the National Performance Review. These streamlining efforts would help to increase efficient agency operations and effective service.

Infringement on Executive Authority

There are several provisions in the Committee-reported bill that purport to require Congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

General Provisions

The Administration objects to section 317 of the Committee-reported bill on the ground that this provision merely restates the obligation of officials to act within the law, and so does not accomplish anything except to create confusion as to its meaning.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 14, 1995 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R) Louisiana; Regula (R) Ohio)
Hatfield (R) Oregon; Gorton (R) Washington

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as approved in conference on December 12, 1995. Your consideration of the Administration's views would be appreciated.

In the November 6, 1995, Statement of Administration Policy to the House, the Administration identified the most troublesome provisions in the original conference report with the goal of arriving at a bill that serves specific, vital interests and that could be signed by the President.

Regrettably, the third conference report does not adequately address the significant funding shortfalls and objectionable legislative riders. If the bill, as approved by the third conference, were presented to the President, he would veto it. With few exceptions, the issues that were identified in the November 6th Statement of Administration Policy remain serious problems and are described below.

Funding Issues

While the Administration appreciates the \$50 million in funding restored for the Bureau of Indian Affairs and the Indian Health Service, this additional funding falls short of the levels needed to maintain these important programs. In addition, the third conference has done nothing to restore funds for the Department of Energy's (DOE's) energy conservation programs.

The Bureau of Indian Affairs (BIA) budget has been increased

in the third conference \$25 million above the previous conference level. That would still leave the program \$111 million short of the House mark and \$159 million below the FY 1995 enacted level. The most significant effect of this action remains the crippling reductions targeted at tribal priority allocation programs, which support essential tribal government, law enforcement, housing improvement, general assistance, Indian child welfare, adult vocational training, road maintenance, and other basic reservation services. The Administration's view is that funding must be restored more substantially for these programs.

DOE's energy conservation programs are still funded at a net level of \$536 million. There has been no increase from the first or second conference levels. This funding level is \$187 million, or 26 percent, below the net FY 1995 enacted level of \$723 million, and 38 percent below the President's request. Funding for these programs must be restored significantly in order to reach acceptable levels.

In addition to the satisfactory resolution of the language issues addressed below, the President will not sign an Interior appropriations bill unless funding for these programs is significantly restored without harming other high-priority programs or unless there is an overall agreement between the Congress and the Administration on budget priorities that addresses the Administration's fundamental concerns about spending priorities both in this bill and elsewhere.

Language Issues

The conference committee has made few changes to the numerous legislative riders in the bill that the Administration finds seriously objectionable. Except for the continuation of the existing mining patent moratorium, the riders that were cited in the November 6th Statement of Administration Policy have not been significantly improved in the third conference. These provisions are so seriously flawed that the Administration sees no way to remedy them, short of removing them altogether. The most serious problems are:

- o the Tongass (Alaska) forest management provisions. These provisions would dictate the use of the current forest plan for FY 1996 and FY 1997, require

unsustainable timber sale levels, and not allow the plan to be updated during this period;

- o the Interior Columbia River Basin provision. This provision would continue to impede implementation of the comprehensive plan for management of public lands by prohibiting the publication of the final Environmental Impact Statement or Record of Decision and limiting the contents to exclude information on fisheries and watersheds, although it would extend by 90 days the due date for the assessment project. The provision would risk a return to legal gridlock on timber harvesting, grazing, mining, and other economically desirable activities;
- o bill language that provides \$500,000 from available funds for the National Park Service (NPS) to develop the Mojave National Preserve's management plan. This provision would still limit funding to \$1 for NPS land management operations within the Preserve, while providing \$599,000 for operational funding to be managed by the Bureau of Land Management (BLM). Report language adopted by the third conference calling for more studies by the Park Service, and prohibiting any transfer of funds to NPS to augment operations, does not change the fact that the Preserve would be starved of funding, and the purposes of the California Desert Act would be undercut; and
- o no change in language from the first conference in a rider to make permanent the protocol for identification of marbled murrelet nests that was included in the FY 1995 rescission bill, thereby eliminating normal flexibility to use new scientific information as it develops.

In addition, the Administration has previously expressed concern about other legislative riders, including the moratorium on future listings and critical habitat designations under the Endangered Species Act, the Department of Energy efficiency standards one-year moratorium, and the provision affecting the Lummi Tribe and seven other self-governance tribes in Washington State.

An additional funding issue concerns the severe cuts (nearly 40 percent) to the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). These significantly reduced funding levels would jeopardize NEA's and NEH's ability to continue to provide important cultural, educational, and artistic programs for communities across America.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 13, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R) Louisiana; Regula (R) Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as approved in conference on December 12, 1995. Your consideration of the Administration's views would be appreciated.

In the November 6, 1995, Statement of Administration Policy to the House, the Administration identified the most troublesome provisions in the original conference report with the goal of arriving at a bill that serves specific, vital interests and that could be signed by the President.

Regrettably, the third conference report does not adequately address the significant funding shortfalls and objectionable legislative riders. If the bill, as approved by the third conference, were presented to the President, he would veto it. With few exceptions, the issues that were identified in the November 6th Statement of Administration Policy remain serious problems and are described below.

Funding Issues

While the Administration appreciates the \$50 million in funding restored for the Bureau of Indian Affairs and the Indian Health Service, this additional funding falls short of the levels needed to maintain these important programs. In addition, the third conference has done nothing to restore funds for the Department of Energy's (DOE's) energy conservation programs.

The Bureau of Indian Affairs (BIA) budget has been increased in the third conference \$25 million above the previous conference level. That would still leave the program \$111 million short of the House mark and \$159 million below the FY 1995 enacted level. The most significant effect of this action remains the crippling reductions targeted at tribal priority allocation programs, which

support essential tribal government, law enforcement, housing improvement, general assistance, Indian child welfare, adult vocational training, road maintenance, and other basic reservation services. The Administration's view is that funding must be restored more substantially for these programs.

DOE's energy conservation programs are still funded at a net level of \$536 million. There has been no increase from the first or second conference levels. This funding level is \$187 million, or 26 percent, below the net FY 1995 enacted level of \$723 million, and 38 percent below the President's request. Funding for these programs must be restored significantly in order to reach acceptable levels.

In addition to the satisfactory resolution of the language issues addressed below, the President will not sign an Interior appropriations bill unless funding for these programs is significantly restored without harming other high-priority programs or unless there is an overall agreement between the Congress and the Administration on budget priorities that addresses the Administration's fundamental concerns about spending priorities both in this bill and elsewhere.

Language Issues

The conference committee has made few changes to the numerous legislative riders in the bill that the Administration finds seriously objectionable. Except for the continuation of the existing mining patent moratorium, the riders that were cited in the November 6th Statement of Administration Policy have not been significantly improved in the third conference. These provisions are so seriously flawed that the Administration sees no way to remedy them; short of removing them altogether. The most serious problems are:

- o the Tongass (Alaska) forest management provisions. These provisions would dictate the use of the current forest plan for FY 1996 and FY 1997, require unsustainable timber sale levels, and not allow the plan to be updated during this period;
- o the Interior Columbia River Basin provision. This provision would continue to impede implementation of the comprehensive plan for management of public lands by prohibiting the publication of the final Environmental Impact Statement or Record of Decision and limiting the contents to exclude information on fisheries and watersheds, although it would extend by 90 days the due date for the assessment project. The provision would risk a return to legal gridlock on timber harvesting, grazing, mining, and other economically desirable activities;

- o bill language that provides \$500,000 from available funds for the National Park Service (NPS) to develop the Mojave National Preserve's management plan. This provision would still limit funding to \$1 for NPS land management operations within the Preserve, while providing \$599,000 for operational funding to be managed by the Bureau of Land Management (BLM). Report language adopted by the third conference calling for more studies by the Park Service, and prohibiting any transfer of funds to NPS to augment operations, does not change the fact that the Preserve would be starved of funding, and the purposes of the California Desert Act would be undercut; and
- o no change in language from the first conference in a rider to make permanent the protocol for identification of marbled murrelet nests that was included in the FY 1995 rescission bill, thereby eliminating normal flexibility to use new scientific information as it develops.

In addition, the Administration has previously expressed concern about other legislative riders, including the moratorium on future listings and critical habitat designations under the Endangered Species Act, the Department of Energy efficiency standards one-year moratorium, and the provision affecting the Lummi Tribe and seven other self-governance tribes in Washington State.

An additional funding issue concerns the severe cuts (nearly 40 percent) to the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). These significantly reduced funding levels would jeopardize NEA's and NEH's ability to continue to provide important cultural, educational, and artistic programs for communities across America.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 6, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1977 -- DEPARTMENT OF INTERIOR AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R) Louisiana; Regula (R) Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as approved in conference on October 31, 1995. Your consideration of the Administration's views would be appreciated.

In an October 19, 1995, letter to the conferees, the Administration identified the most troublesome provisions in the original conference report with the goal of arriving at a bill that serves specific, vital interests and that could be signed by the President.

Regrettably, the second conference report did not address the significant funding shortfalls and objectionable legislative riders. If the bill, as approved by the second conference, were presented to the President, he would veto it. The issues that were identified in the October 19th letter are still serious problems and are described below.

Funding Issues

The second conference did nothing to restore funds in the areas that the Administration identified as significantly underfunded. These are the Bureau of Indian Affairs and the Department of Energy's (DOE's) energy conservation programs.

The Bureau of Indian Affairs (BIA) budget was increased in the first conference \$86 million above the Senate level. However, there was no additional increase provided in the second conference. That would still leave the program \$136 million short of the House mark and \$184 million below the FY 1995 enacted level. The most significant effect of this action remains the crippling reductions targeted at tribal priority allocation programs, which support essential tribal government, law enforcement, housing improvement, general assistance, Indian child welfare, adult vocational training, road maintenance, and other reservation programs. The Administration's view is that funding must be substantially restored for these programs.

DOE's energy conservation programs are still funded at a net level of \$536 million. There has been no increase from the first conference level. This is \$187 million, or 26 percent, below the net FY 1995 enacted level of \$723 million, and 38 percent below the President's request. Funding for these programs must be restored significantly in order to reach acceptable levels.

In addition to the language issues addressed below, the President will not sign an Interior appropriations bill unless funding for these programs is significantly restored without harming other high-priority programs or unless there is an overall agreement between the Congress and the Administration on budget priorities that addresses the Administration's fundamental concerns about spending priorities both in this bill and elsewhere.

Language Issues

The conference committee has again chosen to continue to include numerous legislative riders in the bill that the Administration finds seriously objectionable. The riders that were cited in the October 19th letter have not been significantly improved in the second conference. These provisions are so seriously flawed that the Administration sees no way to remedy them, short of removing them altogether. The most serious problems are:

- o a mining provision that still does not adequately protect the public interest. Unlike the language in the FY 1995 Act, the moratorium contained in the second conference report on new patents would be revoked if minimal provisions relating to patenting (but not comprehensive mining reform) are enacted into law through the budget reconciliation process, or simply if the House and Senate approve an agreement in identical form on patenting, royalties, and reclamation of mining claims. The latter provision raises a serious constitutional problem: the provision would be invalid under the Chadha decision if construed to require anything less than enactment. The moratorium language in the FY 1995 Act must be restored;
- o the Tongass (Alaska) forest management provisions that are unchanged from the first conference. These still include sufficiency language and would dictate the use of a 1992 forest plan that preempts our use of the most recent scientific information;
- o the Interior Columbia River Basin provision that is also unchanged from the first conference. It would terminate comprehensive planning for the management of these public lands by prohibiting the publication of the final Environmental Impact Statement or Record of Decision and limiting the contents to exclude

information on fisheries and watersheds. The provision would risk a return to legal gridlock on timber harvesting, grazing, mining, and other economically desirable activities;

- o retention of bill language that provides only \$1 for National Park Service (NPS) operation of the Mojave National Preserve and provides for land within the preserve to be managed by the Bureau of Land Management (BLM). Report language adopted by the second conference calling for more studies by the Park Service and disclaiming an intention to repeal portions of the landmark 1994 California Desert Protection Act does not change the fact that the Preserve would be starved of funding, and the purposes of the California Desert Act would be undercut; and
- o no change in language from the first conference in a rider to make permanent the protocol for identification of marbled murrelet nests that was included in the FY 1995 rescission bill, thereby eliminating normal flexibility to use new scientific information as it develops.

In addition, the Administration has previously expressed concern about other legislative riders, including the moratorium on future listings under the Endangered Species Act, the Department of Energy efficiency standards one-year moratorium, the 90-day moratorium on grazing regulation implementation, and the provision affecting the Lummi Tribe and seven other self-governance tribes in Washington State. An additional funding issue concerns the severe cuts (nearly 40 percent) to the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). These significantly reduced funding levels would jeopardize NEA's and NEH's ability to continue to provide important cultural, educational, and artistic programs for communities across America.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 12, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration supports reducing spending but does not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations.

For the reasons discussed below, the Secretary of the Interior and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him in its current form.

Department of the Interior

While the Administration recognizes the funding constraints the House faces, the Committee's proposed cuts in science and research, particularly for the National Biological Service (NBS) and the Bureau of Mines, would cripple effective operation of the land management agencies' programs that the Committee has tried to protect. The 35-percent reduction to the NBS request would devastate the research that has been conducted for years and supported land management decisions before the NBS was ever conceived. These reductions and eliminations would cause nationwide reductions-in-force and the closure of major research centers with unique expertise and capabilities. The ability of the land management agencies to make resource decisions on an objective scientific basis would be severely reduced.

Likewise, the Administration does not support the Committee's action that would underfund natural resource protection and land management operations in the National Park

Service, Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced \$174 million, or seven percent, below the President's request. Specifically, the Administration strongly objects to the severe, 31-percent reduction of funding below the request for Endangered Species Act (ESA) activities -- with no funding for species prelisting or listing. ESA consultation, prelisting, and recovery activities are preventative measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more economic, social, and environmental conflicts in the long run.

The Administration also objects to the Committee's decision to undo the 1994 California Desert Wilderness Act by transferring FY 1996 funding requested for the East Mojave National Preserve to the Bureau of Land Management and, therefore, not providing full funding for the Act's implementation. The Act established the largest addition to the National Parks System since the passage of Alaskan parks legislation in 1978 and 1980, and placed these unique lands under the management of the National Park Service. The Committee's action would essentially rewrite the authorization bill enacted in the last Congress.

The Administration is strongly opposed to language provisions that would prohibit any new surveys on private lands and prohibit the use of volunteers. The National Biological Service has always followed State laws with respect to private property, and congressional direction to obtain written permission from the affected landowners to conduct new surveys. Furthermore, volunteers are necessary to conduct key migratory and game bird surveys, including the Breeding Bird Survey. Because States depend on these survey data to establish hunting regulations, the restriction on volunteers could threaten future hunting seasons.

The Administration is opposed to the appropriations language and funding restrictions that would discontinue the Interior Columbia River Basin Ecoregion Assessment Project. This comprehensive plan uses an innovative, multi-agency, coordinated approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin. Failure to proceed with the plan would jeopardize the ability of the Forest Service and the Bureau of Land Management to maintain a sustainable flow of timber and the production of other goods and services generated by the forests in the affected area.

The Administration strongly opposes the reduction of funding for other economic and environmental activities in the Pacific Northwest. Reduced funding would decrease the Department of the

Interior's ability to perform critical consultations with other land management agencies as well as with private landowners under the Endangered Species Act's "4(d) rule," which was proposed by the Administration to ease spotted owl taking prohibitions on private lands. The lower level of funding would also impair the ability of the Administration to meet its timber harvest goals under the rigorous criteria of the Forest Plan and maintain momentum with ongoing watershed analysis. The reduction in requested funding would also decrease the number of jobs associated with project work under the "Jobs in the Woods" program and the rate of recovery for impaired watersheds.

The Administration also opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs like the national parks and sound science.

The Outer Continental Shelf

The Administration strongly supports the Committee's decision to reinstate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). Maintaining these moratoria will protect the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal states. It will also aid Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems.

Funding for Native American Programs

The Administration opposes the Bureau of Indian Affairs (BIA) reductions proposed by the Committee. The President's request for BIA recommends \$1.9 billion (nine percent over FY 1995) to fund critical education, law enforcement, health and safety, and other services on reservations. The proposed 12-percent reduction below the request would threaten or eliminate these services. The Administration urges the House to restore BIA funding to the President's requested level.

The Administration also opposes the Committee's proposed elimination of Indian Education programs and the Office of Indian Education within the Department of Education. Funds provided by this office serve the 90 percent of Indian children who attend public rather than BIA-funded schools. These programs provide academic and enrichment services that would otherwise be unavailable to Indian students.

For Indian Health Services (IHS), the Administration has proposed \$1.8 billion for FY 1996, a \$106 million (six percent) increase over FY 1995. The requested funding level would support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care. The Committee mark would fund no expansions and would require the IHS and tribal health care programs to absorb \$90 million in expected increases for current program activities. The Administration urges the House to restore IHS funding to the President's requested level.

Forest Service (USDA)

The Administration supports the Committee's decision to increase funding for recreation and rangeland management, and maintain funding for forest health and fire management under State and Private Forestry. However, the reductions to trails and facilities construction would not allow the Forest Service to rehabilitate decaying infrastructure and would lead to further resource damage to National Forest lands. The elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of \$27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the House to restore funds partially for these programs by reallocating funding provided above the requested level for timber sales management.

Department of Energy (DOE)

The Administration strongly opposes the 40-percent overall reduction in Energy Conservation programs, which would seriously disrupt several high-priority Administration initiatives. The 50-percent cut in the State Grants program would mean that 50,000 to 60,000 low-income homes would not be weatherized and that numerous State energy initiatives would not be funded through DOE block grants. The cuts in Energy Conservation research and development would make meeting climate change and greenhouse gas reduction goals difficult and would impair future improvements in the energy efficiency of buildings and the industrial sector. The 23-percent reduction to the request for the Partnership for a New Generation of Vehicles would impede progress toward vehicle efficiency and emission reductions. These sectors hold great promise for efficiency improvements but are targeted for the largest reductions by the Committee mark.

The Administration's efforts to reduce emissions of greenhouse gases would be further impeded by the Committee's action to eliminate funding for the extraction and use of coal-bed methane.

The Administration opposes funding the Clean Coal Technology program at \$140 million over the request, particularly at the expense of higher-priority needs like energy conservation. As part of Reinventing Government, the Administration has proposed no new starts for the clean coal program, and plans to terminate the program once ongoing projects are completed.

The Administration would oppose any amendment offered on the floor that would prohibit the sale or scoring of the sale of oil from the Strategic Petroleum Reserve for the purpose of decommissioning Weeks Island.

AmeriCorps

The Administration objects to language included in the Committee bill that would prohibit the use of funds provided in the bill for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities, with an impressive return on investment for taxpayers. For example, at the Everglades-South Florida project, 110 AmeriCorps members have worked on 55 individual projects at four National Parks and six Fish and Wildlife units. Thirty of the 40 planned water monitoring stations have been installed, calibrated, and placed in operation, saving \$250,000 annually. The House is urged to delete this language from the bill.

Section 2477 of the Revised Statutes (RS 2477)

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. This regulation would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Patent Moratorium

The Administration strongly supports continuing the moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns for taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury. The Administration consequently opposes the Committee's action that would lift the current moratorium.

Cultural Agencies

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Committee. The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the

preservation of American artistic and cultural heritage and expression. The NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on regional economies and in leveraging private funds for the Federal funds invested.

The Administration also objects to the Committee's reduction in funding for the Smithsonian Institution, National Gallery of Art, and the Woodrow Wilson Center. The elimination of funding for the Smithsonian's National Museum of the American Indian would result in construction delays and jeopardize the safety of many artifacts stored in substandard conditions. In addition, reductions in the funds for Repair and Restoration (27 percent for the Smithsonian and 44 percent for the National Gallery of Art) would exacerbate declining conditions in the Mall museums. For the Woodrow Wilson Center, a 39 percent reduction in requested funding would prolong the current inadequate space and facilities used by the Center in the Smithsonian Castle. The Administration urges the House to restore funding for these programs.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 17, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2020 -- TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Lightfoot (R), Iowa)

This Statement of Administration Policy provides the Administration's views on H.R. 2020, the Treasury, Postal Service, and General Government Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration supports reducing spending but does not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations.

For the reasons discussed below, the Director of the Office of Management and Budget, other senior White House officials, and the Director of the Office of Personnel Management would recommend that the President veto the bill if it were presented to him in its current form.

Executive Office of the President

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on the Legislative Branch appropriations bill, and the Congress traditionally pays appropriate regard to the President's request for the agencies within the Executive Office of the President. This comity permits each branch to organize its own leadership offices as it believes will best serve the country.

The Committee bill clearly and inappropriately breaks with this longstanding practice consistently observed by both branches over many years. The Administration strongly objects and urges the House to revise the bill to return to previous practices.

The Administration objects particularly to the Committee's elimination of the Council of Economic Advisers (CEA). Eliminating this small group of professional economists would deny Presidents their dedicated source of analysis of policy issues, based on the best available economic information. Neither the National Economic Council, which coordinates economic policy-making among Executive Branch agencies, nor OMB, which is responsible for supporting the President on budget and management matters, would fill the unique role of the CEA.

Presidents have turned to the CEA for rigorous, objective, professional economic analysis and advice for almost fifty years. The CEA's mission within the Executive Office of the President is unique: it serves as a credible and tenacious voice for policies that facilitate the workings of the market and policies that emphasize the importance of incentives, efficiency, productivity, and long-term growth. Because the CEA, unlike other agencies, does not represent any particular constituent or industry interest group, it presents to the President more directly and clearly the general economic interests of the American people.

Federal Employees' Health Benefits Program

The Administration strongly opposes the provision of the Committee bill that purports to prohibit OPM from incurring administrative costs in connection with any health plan under the Federal Employees' Health Benefits Program (FEHBP) that provides any benefits or coverage for abortions, except in cases where the life of the mother would be endangered if the fetus were carried to term. Currently, the decision to cover abortion is left up to each health plan participating in the FEHBP. Federal employees who wish to purchase health coverage that does not include abortion services have that choice.

The Committee provision appears to be designed to preclude Federal employees and their families from purchasing health insurance coverage that covers abortions. While the President believes that abortion should be safe, legal, and rare, we strongly oppose provisions that are designed to restrict Federal employees and their dependents from choosing a health plan that includes coverage for abortion services.

Advisory Commission on Intergovernmental Relations

The Committee has not provided funding for the Advisory Commission on Intergovernmental Relations (ACIR). The Administration urges the House to restore funding at the President's requested level of \$1.4 million. This level of funding would allow ACIR to continue to play a vital role in conducting analyses of intergovernmental issues and fulfill its responsibilities under the "Unfunded Mandate Reform Act."

It is noted that the House, in action on the FY 1996 Legislative Branch Appropriations Bill, has approved \$1.1 million for the Congressional Budget Office to carry out its new unfunded mandates responsibility while the Office of Management and Budget is directed to carry out its new responsibilities and those of the ACIR within existing resources.

Information Security Oversight Office

The Administration objects to the Committee's failure to provide funding for the Information Security Oversight Office (ISOO). ISOO oversees the security classification program for Government and industry. The Administration believes that ISOO performs important functions in the area of security classification, including directing and instructing agencies and industry in classifying, safeguarding, and declassifying national security information. Continued funding for ISOO is particularly critical given the recent issuance of Executive Order 12958, which imposes specific responsibilities on ISOO. On May 2, 1995, the President transmitted a budget amendment to the Congress establishing ISOO as a separate entity within the National Archives and Records Administration. The House is urged to retain ISOO and to restore the requested \$1.5 million for the Office in the budget of the National Archives and Records Administration.

Internal Revenue Service

The Administration objects to the Committee's \$130 million reduction to the request for IRS Returns Processing. Such a reduction would severely impair the statutory mandate to process all returns. Reductions in processing, administration, and management would severely hamper IRS's ability to improve taxpayer service, including taxpayer phone contact. The Administration is also concerned with the Committee's recommendation for the Tax Law Enforcement compliance initiative. By stretching out implementation of this program while cutting base funding, there is a serious risk that the Revenue Initiative would not be maintained and that the tracking procedure designed to measure it would be seriously compromised.

The Committee's overall reduction to these programs totals \$400 million and would not only eliminate the increases requested in the FY 1996 Budget but would also cut deeply into the programs' base funding. These are productive, deficit-reducing programs that generate additional revenue without raising taxes, and they are a high priority for this Administration.

Employee Training

The Administration objects to the restrictions on the use of funds for employee training specified in section 528 of the Subcommittee bill. While the language appears to be intended to prevent inappropriate training activities, the Administration believes that the provision could have the unintended consequence of preventing a broad range of useful training. Particularly during this period of downsizing and reinvention, agencies need flexibility in training their employees for changes in the way their jobs need to be performed or for new job responsibilities in a rapidly changing work environment.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2020 -- TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1996

(AS REPORTED BY THE HOUSE FULL COMMITTEE)

The Administration looks forward to working with the Congress later in the process in an effort to address the following concerns.

Violent Crime Reduction Trust Fund

The Administration objects to reductions in the level of funding from the Violent Crime Reduction Trust Fund requested for Treasury law enforcement bureaus. The Committee's \$14 million reduction to the President's request would leave a number of important Treasury priorities unfunded. The Administration urges full funding of the request.

The Administration would support a \$14.5 million earmark for Operation Hard Line. This amount of funding, when combined with funds made available from the ONDCP Special Forfeiture Fund in FY 1995, would be sufficient to meet the immediate concerns of agent and inspector safety at the border and allow for the purchase of license plate readers and no more than two new additional X-ray machines.

Counter-drug Technology Assessment Center

The Committee has provided \$10 million of the \$27 million needed for the Counter-drug Technology Assessment Center (CTAC). Such a severe reduction in funding would lead to a significant resource shortfall for ongoing projects. Resources would be insufficient to complete ongoing counter-drug research and development projects in FY 1996 as projected. Some of the projects that are scheduled for completion in FY 1996 include: a new generation of navigation, surveillance, and command system for use by law enforcement officers to detect and track illegal drug trafficking; a prototype system capable of detecting conversations in an urban environment; and a drug treatment evaluation project.

FLSA Section 640 Pay

The Administration urges the House to consider repeal of section 640 of the FY 1995 Treasury, Postal Service, and General Government appropriations bill. This section directs the Comptroller General to apply a six-year statute

of limitations to claims for Fair Labor Standards Act overtime filed before June 30, 1994. This limitation period is three times longer than that applicable to claims filed by all other private and public sector employees. This provision would cost the Treasury Department hundreds of millions of dollars (current estimates approach \$400 million) in windfall overtime pay for Federal criminal investigators.

Federal Labor Relations Authority/Merit Systems Protection Board

The Committee's reductions to the requests for these agencies, which adjudicate employee and employment disputes, would result in unacceptable backlogs in a growing workload of cases stemming from Executive Branch downsizing and reorganization. The Committee bill would provide inadequate resources for this continuing work, for development of a comprehensive proposal for the Committee-directed merger of these agencies, and for other Federal employment dispute adjudication functions, including those involving allegations of discrimination.

Office of Personnel Management (OPM)

The Administration is deeply concerned by proposed actions to delay the privatization of the investigations program by requiring OPM to perform a number of studies and prohibiting a reduction-in-force until June 30, 1996. This would seriously jeopardize OPM's ability to privatize this function and would disrupt the President's plans, developed under the National Performance Review, to reinvent the OPM and divest it of programs that can be better performed by the private sector.

In addition, while endorsing the Committee's support of the Presidential Management Intern Program, the Administration objects to the Committee's earmark for the program and would prefer to permit the OPM Director to determine the resources necessary for continued program operations.

General Services Administration (GSA): Public Buildings Service

The Committee mark would provide only partial funding for the construction of certain requested projects. As a budget policy matter, the Administration recommends that funding for projects be provided in full. GSA cannot proceed with a construction project without having full funding for the project. Partial funding would only delay the projects and is not an efficient use of the appropriation.

U.S. Customs Service - Salaries and Expenses

Under the National Performance Review, the Administration is conducting a comprehensive border process re-engineering project in consort with all Federal agencies involved in maintaining the Nation's borders. The Administration supports a pilot initiative to study the effectiveness of unified port management through the designation of a single director but does not believe statutory language is necessary. Further, the Administration believes that designation of the port director by one agency -- the Customs Service -- is inappropriate. All agencies represented at the pilot southern and northern ports selected should be eligible to serve. The Administration recommends that the statutory language be removed and the report language amended to reflect a cooperative, inter-agency, unified port management pilot.

Federal Election Commission (FEC)

The Committee mark is \$2.5 million, or nine percent, below the President's request. This would reduce the agency below its FY 1995 enacted level. The Administration urges the House to restore funding to the President's requested level of \$29.0 million. Funding for the FEC is crucial to the smooth operation of our Federal elections system.

Bureau of the Mint Revolving Fund

The Administration supports establishment of a Mint revolving fund. However, the Committee's proposal raises the following technical concerns and suggestions for improving the proposal:

- o The proposal would change the long-standing treatment of seigniorage from being a means of financing to an offsetting collection. The Administration opposes this change because it would result in an artificial reduction in the deficit that would not change the Government's borrowing requirements. There is no substantive reason for this change, and the revolving fund should be created without it.
- o The proposal would be improved by the addition of a prohibition against cross-subsidization, which is necessary to ensure that both of the Mint's major product lines are self-sustaining.
- o The Administration agrees that the Mint needs to be provided with short-term borrowing authority but believes that the authority should fund

start-up costs. There is no need for borrowing authority for "existing liabilities and obligations" because Congress has already appropriated funds for this purpose, and the bill would transfer these funds to the Mint Revolving Fund.

- o The proposal does not, but should include, "purchase of coinage metal" in its definition of Mint operations and programs.
- o The legislation should include budget, financial reporting, and annual audit requirements -- integrated with government-wide requirements -- to ensure the continued efficiency and integrity of Mint operations under a revolving fund.
- o The proposal should also include the activities of the Mint's West Point facility.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 3, 1995 (SENT)
(Senate Floor)

(F)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2020 -- TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Hatfield (R), Oregon; Shelby (R), Alabama)

This Statement of Administration Policy provides the Administration's views on H.R. 2020, the Treasury, Postal Service, and General Government Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate Committee 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. The Committee bill is \$1.8 billion below the President's request.

The Administration is pleased that the Committee has made substantial improvements to the bill as passed by the House. Notably, the Administration commends the Committee for removing the objectionable abortion prohibition in the Federal Employees' Health Benefits Program; for restoring the President's Council of Economic Advisers; and for continuing support for the Exchange Stabilization Fund, without the objectionable restrictions added by the House.

Regrettably, the Senate Committee bill would eliminate the Office of National Drug Control Policy. Because of this, the President has stated that he would not sign the bill in its current form. The Secretary of the Treasury has indicated that he would recommend to the President that he veto the bill based on the issues discussed below.

Executive Office of the President/Office of National Drug Control Policy

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on Legislative Branch funding requests, and the Congress traditionally pays appropriate regard to the President's requests

for the agencies within the Executive Office of the President. This comity permits each branch to organize its own policy offices as it believes will best serve the country. The Administration is concerned, therefore, that the Senate Committee bill recommends termination of the Office of National Drug Control Policy (ONDCP) and makes reductions to the President's requests for certain offices of the Executive Office of the President.

The Administration regrets the Committee's action in proposing to eliminate the ONDCP. This action is unacceptable because it comes at a time when the Administration has achieved major successes in streamlining interdiction efforts and pursuing the dismantling of large drug trafficking organizations.

In addition, it would be highly undesirable to eliminate funding for ONDCP after it has established a successful track record in improving Federal programs in the areas of drug treatment and prevention. The Administration urges the Senate to support an amendment to restore funding for this office, which is so critical to our battle against drugs.

Internal Revenue Service

The Administration strongly opposes the Committee's reduction in funding for the Internal Revenue Service, which is an overall \$805 million below the President's request and \$203 million below the House. The cuts proposed in the Committee bill would severely damage the ability of the IRS to function, degrade service to taxpayers, encourage disrespect for law and order, and reduce the collection of revenues needed to finance the operation of the Government, thereby adding to the deficit.

The Administration strongly objects to the Senate's \$430 million reduction for the Tax Law Enforcement account. Eliminating last year's compliance initiative, while cutting base funding, would create serious risks to the levels of tax compliance in this country. At the very least, this action could be expected to result in the loss of \$10 to \$15 billion in additional revenue over the next five years, thwarting efforts to reduce the Federal deficit. Major compliance cuts would send a signal that ensuring voluntary compliance is no longer a priority and would reward tax cheats. Each percentage point change in tax compliance is worth an estimated \$7 billion to \$10 billion annually in additional revenue. The Committee's approach is not consistent with the efforts of the Administration and the Congress to balance the Federal budget.

The Administration is also concerned with the Committee's reductions to the IRS Information Systems account. While funding Tax Systems Modernization at the House mark of \$720 million would be a manageable level for FY 1996, the Committee mark implies a \$150 million reduction for the systems needed to maintain and operate the existing tax administration structure until the modernized systems are operational. The reductions to Tax Systems Modernization to date will necessitate keeping these systems operational longer than was originally envisioned, increasing maintenance and repair costs with no corresponding improvement in burden reduction or system capability.

Federal Employees' Health Benefits Program

The Administration strongly supports the Senate Committee's deletion of Section 524 of the House-passed bill. The Administration would strongly oppose an amendment to restore this provision of the House bill. The House provision purports to prohibit OPM from incurring administrative costs in connection with any health plan under the Federal Employees' Health Benefits Program (FEHBP) that provides any benefits or coverage for abortions, except in cases where the life of the mother would be endangered if the fetus were carried to term. Currently, the decision to cover abortion is left up to each health plan participating in the FEHBP. Federal employees who wish to purchase health coverage that does not include abortion services have that choice.

The Administration is pleased that the Committee has recommended retaining current practice in this regard. The objectionable House provision is clearly designed to preclude Federal employees and their families from purchasing health insurance coverage that covers abortions. While the President believes that abortion should be safe, legal, and rare, the Administration strongly opposes provisions that are designed to restrict Federal employees and their dependents from choosing a health plan that includes coverage for abortion services.

Exchange Stabilization Fund

The Administration strongly supports Senate Committee action that removes a provision of the House-passed bill that would restrict the operations of the Exchange Stabilization Fund (ESF). The ESF has been a vital tool of international economic and monetary policy since 1934, and it has enjoyed bipartisan support for 60 years. The ESF has enabled financial authorities to defend the dollar to avoid excess fluctuations in currency markets, and to protect the vital economic and security

interests of the United States. The ESF has been used, most often by the last three administrations -- and more than fifty times in the last sixty years -- when such actions were deemed to be in the economic or security interest of the United States.

The provision of the House bill would restrict the ability of the Executive Branch to coordinate interventions with other nations to resist unwarranted appreciation of the dollar, to curb destructive fluctuations in currency markets, and to provide support to the reserves of countries that are borrowing from the International Monetary Fund. Misguided efforts that arbitrarily limit the use of the ESF by this or any other administration pose a threat to the United States economy, and to our ability to maintain a stable dollar -- with all of the benefits that affords us.

Employee Training

The Administration supports the Senate Committee's decision to remove the restrictions on the use of funds for employee training specified in section 628 of the House-passed bill. The Administration would strongly oppose an amendment to reinstate those restrictions.

The Administration believes that the provision could have the unintended consequence of preventing a broad range of useful training such as outplacement assistance and retraining for individuals who are being moved as part of an agency restructuring.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2020 -- TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1996

(AS REPORTED BY THE SENATE APPROPRIATIONS COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Council of Economic Advisers

The Administration is pleased that the Senate Committee has recommended retaining the Council of Economic Advisers (CEA). Eliminating this small group of professional economists, as the House bill would do, would deny Presidents their dedicated source of analysis of policy issues, based on the best available economic information. Neither the National Economic Council, which coordinates economic policy-making among Executive Branch agencies, nor the Office of Management and Budget (OMB), which is responsible for supporting the President on budget and management matters, would fill the unique role of the CEA.

Presidents have turned to the CEA for rigorous, objective, professional economic analysis and advice for almost fifty years. The CEA's mission within the Executive Office of the President is unique: it serves as a credible and tenacious voice for policies that facilitate the workings of the market and policies that emphasize the importance of incentives, efficiency, productivity, and long-term growth. Because the CEA, unlike other agencies, does not represent any particular constituent or industry interest group, it presents to the President more directly and clearly the general economic interests of the American people.

Information Security Oversight Office (ISOO)

The Administration is pleased that the Committee has recognized the importance of the function performed by ISOO and has restored its funding. The Administration would appreciate working with the Congress to reconsider the Administration's proposal to place ISOO and its functions in the National Archives and Records Administration.

Advisory Commission on Intergovernmental Relations

The Committee has not provided funding for the Advisory Commission on Intergovernmental Relations (ACIR). The Administration urges the Senate to restore funding at the President's requested level of \$1.4 million. This level of

funding would allow ACIR to continue to play a vital role in conducting analyses of intergovernmental issues and fulfill its responsibilities under the "Unfunded Mandate Reform Act."

Administrative Conference of the United States

The Administration urges the Senate to restore funding for the Administrative Conference of the United States (ACUS). The Conference is a non-partisan advisory agency that advises Congress and the Executive Branch on improving the fairness and efficiency of Federal programs.

Special Forfeiture Fund

The Committee has provided none of the President's \$37 million request for the Special Forfeiture Fund. In the past, resources of the Fund have been used to augment drug treatment, border interdiction, and drug research initiatives. By providing no funding for the Special Forfeiture Fund, the Senate would eliminate an important tool for directing resources to critically important counter-drug initiatives and the ability to address emerging problems.

FLSA Section 640 Pay

The Administration urges the Senate to consider repeal of section 640 of the FY 1995 Treasury, Postal Service, and General Government appropriations bill. This section directs the Comptroller General to apply a six-year statute of limitations to claims for Fair Labor Standards Act overtime filed before June 30, 1994. This limitation period is three times longer than that applicable to claims filed by all other private and public sector employees. This provision would cost the Treasury Department hundreds of millions of dollars (current estimates approach \$400 million) in windfall overtime pay for Federal criminal investigators.

Federal Labor Relations Authority/Merit Systems Protection Board

The Administration appreciates the Committee's action in restoring resources to the Federal Labor Relations Authority and the Merit Systems Protection Board. This action will prevent unacceptable backlogs from developing.

Office of Personnel Management (OPM)

The Administration endorses the Committee's action of deleting language from the House bill that would have delayed the privatization of the investigations program.

The Administration is concerned by the Committee's action to delete language from the House bill that would permit OPM's Employment Service to accept reimbursements from agencies for providing them with services such as job listings and examinations. Reductions in Employment Service funding without such reimbursable authority would leave agencies without the help they need, particularly to provide information about potential jobs to their employees who have been adversely affected by Federal downsizing.

The Administration also objects to the Committee's reduction in the limitation on transfers from trust funds for the administration of the Federal civilian retirement and health and life insurance programs. These resources are needed to assure that retirement benefits are paid accurately and on time.

General Services Administration (GSA): Policy and Oversight

The Committee has not accepted the Administration's proposal, passed by the House, to create a separate appropriation account for GSA's policy and oversight activities. The establishment of this separate account is an important part of the Administration's effort to reduce government-wide administrative costs by strengthening GSA's policy and oversight role. Most of GSA's policy activities are currently distributed among the three Services and have traditionally received less attention and support than the operational functions of those Services. Creation of the separate appropriation for GSA's policy activities, coupled with the organizational separation of these activities from operational functions, is deemed essential to provide these activities with the resources and management attention necessary to increase their effectiveness. The Administration urges the Senate to concur with the House position on creating separate appropriation accounts for policy and operations.

GSA - Federal Buildings Fund

The Committee has reduced funding for the Building Operations account by \$50 million. This account funds security activities and will need to fund enhanced security measures in FY 1996. Therefore, full funding of the requested level will be necessary to fund these efforts.

Internal Revenue Service - Private Legal Counsel

The Administration believes that the highly sensitive issue of the use of private legal counsel should not be addressed in this bill. Recognizing the sensitivity of changes to the Tax System, particularly considerations involving privacy and the Taxpayer Bill of Rights, the Administration would recommend that the use of private legal counsel activities be removed from the bill language.

U.S. Mint Personnel and Procurement Exemptions

The Committee's proposal to exempt the Mint from all government personnel regulations, ceilings, and full-time-equivalent controls is excessive and incompatible with the Administration's reinvention and workforce restructuring efforts.

Bureau of the Mint Revolving Fund

The Administration supports establishment of a Mint revolving fund. However, the proposal raises the following technical concerns and suggestions for improving the proposal:

- o The proposal would change the long-standing treatment of seigniorage from being a means of financing to an offsetting collection. The Administration opposes this change because it would result in an artificial reduction in the deficit that would not change the Government's borrowing requirements. There is no substantive reason for this change, and the revolving fund should be created without it.
- o The proposal would be improved by the addition of a prohibition against cross-subsidization, which is necessary to ensure that both of the Mint's major product lines are self-sustaining.
- o The Administration agrees that the Mint needs to be provided with short-term borrowing authority but believes that the authority should fund start-up costs. There is no need for borrowing authority for "existing liabilities and obligations" because Congress has already appropriated funds for this purpose, and the bill would transfer these funds to the Mint Revolving Fund.
- o The proposal does not, but should include, "purchase of coinage metal" in its definition of Mint operations and programs.
- o The legislation should include budget, financial reporting, and annual audit requirements -- integrated with government-wide requirements -- to ensure the continued efficiency and integrity of Mint operations under a revolving fund.
- o The proposal should also include the activities of the Mint's West Point facility.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

September 14, 1995 (SEN)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2076 -- COMMERCE, JUSTICE, AND STATE, THE JUDICIARY,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Hatfield (R), Oregon; Gramm (R), Texas)

This Statement of Administration Policy provides the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The Administration supports reducing spending but does not share the priorities reflected in the Committee bill, which is roughly \$4.5 billion below the President's request.

The Administration is pleased that the Committee has supported an increased overall funding level for the Department of Justice. Continued support for the Department of Justice is essential for the fight against crime.

However, the Administration strongly opposes several aspects of the Committee bill, which are detailed below. For these reasons, the President would veto the bill if it were presented to him as reported by the Committee.

Community Oriented Policing Services (COPS)

The Committee mark would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the Committee would fund a law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee a single new officer. The President has indicated that this is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

Other Violent Crime Reduction Trust Fund Programs

The Committee mark would provide \$3.9 billion for programs funded by the Violent Crime Reduction Trust Fund. However, the Committee has failed to fund crime prevention programs, with the exception of the program to address violence against women. The Administration believes that funding allocations should be restored for these proven, effective, crime prevention programs, including drug courts and the President's Crime Prevention Council.

Department of Commerce

The Administration strongly urges the Senate to support critical programs of the Department of Commerce. The Commerce Department works to ensure economic growth and a higher standard of living for all Americans. Its continued viability as an agency is essential to our Nation's economic competitiveness.

Department of Commerce - Technology Programs

The Administration is deeply disappointed by the Committee's under-funding of civilian technology programs essential to economic growth. These programs support industry-government partnerships engaged in developing new technologies that increase the Nation's productivity and raise living standards. The Committee's funding levels for the Advanced Technology Program (ATP) and the Manufacturing Extension Partnership are unacceptably low. The Committee level for ATP would not only prohibit any new awards, but would result in the government being unable to fulfill funding commitments for awards made in prior years to over 400 companies.

The Committee mark would sharply reduce the activities of the Department of Commerce's telecommunications policy office and would eliminate the highly successful National Information Infrastructure grants program. The Committee bill also would reduce funding for patent processing and technology policy, and would rescind funds for construction of state-of-the-art technology laboratories. These programs accelerate the development and deployment of new and enabling technologies that help expand our economy and help Americans compete in the global marketplace. The Committee's reductions, if enacted, would represent a major blow to U.S. competitiveness. The Administration strongly urges the Senate to restore funding to these programs.

Department of Commerce - Other Programs

The Committee mark would make substantial reductions to a wide range of other Commerce programs. The Committee's reductions to the International Trade Administration would undermine support for U.S. firms in their efforts to sell U.S. products overseas. Reductions to the Economic Development

Administration would severely hamper the Federal government's most flexible tool for local economic development. Eliminating the Minority Business Development Administration would undermine efforts to develop and strengthen new and existing minority-owned businesses. In addition, the Committee's failure to provide funding for the White House Conference on Travel and Tourism would undermine support for this major U.S. industry.

Legal Services Corporation

The Committee mark would eliminate the Legal Services Corporation (LSC) and provide \$210 million to the Office of Justice Programs to fund a new block grant for legal assistance to low-income individuals. Eliminating the LSC, an organization whose sole purpose is to provide legal services to the poor, and providing a block grant that is roughly half of the current funding level, would strike a devastating blow to those most in need of assistance.

International Programs

The Committee's drastic reductions to international programs funded by this bill would seriously jeopardize the conduct of foreign relations by the United States. The Administration strongly urges restoration of these funds to enable it to carry out a foreign policy that advances the interests of the American people.

Reductions of 12 percent from the President's request for the State Department would severely disrupt operations and would result in closing of many more overseas posts than planned. The effects of this would be felt across the government due to the resulting drastic reductions in State-funded administrative support for other agencies operating overseas. In addition, the Committee bill would slash funding for the Arms Control and Disarmament Agency by 70 percent from the President's request. This would decimate the United States' ability to continue ongoing arms control negotiation and verification activities.

The Committee would reduce the President's requests for contributions to the United Nations and other international organizations by more than 40 percent. These reductions would cause the United States to violate its treaty obligations and would end U.S. participation in multilateral organizations that promote national interests. The Committee's 44-percent reduction in contributions to international peacekeeping activities would seriously compromise the ability of the international community to continue efforts to settle existing or potential armed conflicts.

The Committee mark would severely hamper the U. S. Information Agency's (USIA's) ability to conduct important international public diplomacy programs by cutting funds for USIA operations by 15 percent, exchange programs by 25 percent, and international broadcasting by 22 percent. The deep reductions in operations and exchange programs would require elimination of 1,000 positions, closure of 30 overseas posts, and cutbacks in Fulbright grants and programs for the New Independent States of the Former Soviet Union. The cuts to broadcasting operations and the related construction program would require the elimination of up to 15 language broadcast services; the elimination of 250 positions, requiring reductions in all other broadcasts; and the cancellation of a new transmitter project to broadcast to China.

Language Provisions

Section 614 of the Committee bill would modify Federal affirmative action law, as it applies to agencies receiving funding through this bill. The language would impose restrictions on consideration of race, color, national origin, and gender that exceed those imposed by current law and would be inconsistent with the President's policy on affirmative action. Therefore, the Administration would oppose the provision.

The Committee bill includes language that would dramatically alter SBA's Section 8(a) minority contracting program. The Administration is willing to consider reforms to the 8(a) program that are consistent with the President's recent report on affirmative action but believes that the language contained in the bill goes too far. However, the Administration strongly urges the Congress to undertake reforms to the Section 8(a) program through the authorizing process, where the issues and options can be fully examined and discussed.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2076 -- COMMERCE, JUSTICE, STATE, JUDICIARY,
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996

(AS REPORTED BY THE SENATE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

Small Business Administration (SBA)

The Committee mark would reduce funding for SBA's operating expenses by \$55 million. This could require termination of up to 1,194 employees, a 38-percent reduction in SBA's total employee level. A personnel reduction of this magnitude in FY 1996 would render SBA unable to protect the government's interest in SBA's \$30.7 billion loan portfolio. The Administration urges the Senate to restore adequate funding for SBA's personnel expenses. The Administration recommends shifting funds from the Section 7(a) loan program, which appears to be funded at \$133 million -- almost \$29 million above the House mark -- to help address this problem.

Federal Communications Commission

The Committee mark would sharply reduce the Federal Communications Commission's (FCC's) ability to promote competition in the telecommunications industry and protect consumers. In addition, this reduction would strain the FCC's ability to continue its successful spectrum auction program that has, to date, raised over \$9 billion for the Federal treasury.

Federal Trade Commission

The Committee has provided \$79 million for the Federal Trade Commission (FTC), \$20 million below the House funding level. This level of funding would severely limit FTC's ability to carry out its mission, including protecting consumers from widespread telemarketing and health care scams and working with State attorneys to protect consumers and the marketplace in their respective States.

Equal Employment Opportunity Commission

The Committee mark would provide \$233 million for the EEOC, a reduction of \$35 million from the President's request. This allocation would be insufficient to address the backlog of over 100,000 unresolved complaints that is currently facing the Commission. The Administration strongly

recommends continuous and vigorous enforcement of the laws against employment discrimination. This simply cannot be achieved without additional funding for the only Federal agency charged with enforcing civil rights employment laws. The Committee's level of funding would jeopardize ongoing management efforts to streamline and improve case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Securities and Exchange Commission

The Committee mark would reduce the President's request for the Securities and Exchange Commission (SEC) by \$59 million, a 20-percent reduction from the FY 1995 level. Such a large reduction would reduce the ability of SEC to maintain the efficient functioning and integrity of securities markets. The Administration urges the Senate to restore funding for SEC to the House-passed level. The President's FY 1996 Budget proposes using fees to fund Commission responsibilities and to develop a stable long-term funding structure.

Department of Justice

Office of Inspector General. The Administration is concerned that the Committee has not provided the requested \$5 million transfer from the Immigration and Naturalization Service (INS) to the Office of Inspector General (OIG). For the past three years, the \$5 million proposed for transfer has been paid by INS to the OIG on a reimbursable basis and, therefore, represents neither a net loss to INS nor a net gain to the OIG. The transfer of the funding to the General Administration appropriation, as recommended by the Committee, would require elimination of fifty full-time permanent staff within the OIG. A reduction of this magnitude would likely result in a reduction-in-force and would severely impair the OIG's ability to perform sensitive special investigations and projects.

Community Relations Service. The Community Relations Service has served as an important stabilizing resource in communities. To terminate this program would leave the Federal Government without a critical tool in addressing fast-emerging crises. The Administration requests that the Senate restore funding for this needed program.

Department of Transportation

The Committee has not provided \$175 million requested for the new Maritime Security Program, an initiative critical to the security of the United States. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000 and the loss of over 5,000 seafaring jobs. The Administration also objects to the Committee's decision not to provide funding for Title XI loan guarantees.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2076 -- COMMERCE, JUSTICE, AND STATE, THE JUDICIARY,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The funding allocations for many of these investments, particularly in the areas of civilian technology, environment, violent crime control, and international affairs are contained in this bill. The Administration does not share all of the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. This bill is nearly \$2.9 billion below the President's request.

The Administration urges the Congress to continue to support and fund the Department of Commerce. The Commerce Department helps to ensure economic growth and a higher standard of living for all Americans. Its viability as an agency is essential. The Administration is pleased that the Committee has supported increased funding for the Department of Justice, although at lower levels than requested by the Administration. Recent crime statistics have shown a decrease in violent crime in the United States. Continued support for the Department of Justice is essential for ensuring that America continues on this path.

Regrettably, the Committee has approved several provisions that the Administration finds seriously objectionable. For the reasons discussed below, the Attorney General, the Secretary of Commerce, and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him in its current form.

Community Oriented Policing Services (COPS)

The Committee mark would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the Committee bill would fund a general law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee one new officer. The President has indicated that this action is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

To date, the COPS program has already authorized funding for more than 20,000 new officers throughout the United States and has initiated a number of innovations in the grant process, such as simplified applications and coupons for drawing down grant funds. Police chiefs and sheriffs from around the country have praised the administration of the COPS program as customer-oriented, non-bureaucratic, and visionary. It is essential that the Congress restore full funding for the COPS program to ensure that the progress made to date in increasing the number of police on the street and fighting crime is not lost.

Other Violent Crime Reduction Trust Fund Programs

The Committee bill would provide \$3.9 billion for programs funded by the Violent Crime Reduction Trust Fund, approximately \$24 million less than requested. Especially troubling within this allocation is the Committee's lack of support for important "smart" crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, violence against women countermeasures, the Presidential Summit on Crime, and various other crime control programs. While the Committee presumably intends for these initiatives to be funded from the law enforcement block grant, specific funding allocations should be set aside for these proven, effective programs.

Advanced Technology Program, Department of Commerce

The Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in civilian technology. By eliminating funding for the Advanced Technology Program (ATP), the Congress would extinguish one of the country's most productive industry-government partnerships -- a partnership that is just beginning to expand our economy and help America to compete in the global marketplace.

ATP accelerates the development of enabling technologies with commercial potential and broad-based economic benefits through a rigorous, merit-based competition. The program provides an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. Analysis of ATP awards to date shows that they foster important technology development, enable research to be performed more quickly and aggressively, promote industrial alliances, and create jobs. The Administration strongly urges the Congress to restore funding for this valuable program.

Other Commerce Programs

The Committee mark would make substantial reductions to the President's requests for the Economics and Statistics Administration and the National Oceanic and Atmospheric Administration (NOAA). These cuts would reduce our investment in the Nation's statistical system, which provides policymakers critical economic and demographic indicators about our Nation. The reductions to NOAA would undermine efforts to manage the Nation's marine fisheries and coastal areas and reduce our efforts to monitor global environmental changes. The Administration finds particularly objectionable the Committee's elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program.

The Committee's funding reductions to Commerce programs would require substantial staffing reductions across virtually the entire Department. In certain areas of Commerce, these staffing reductions could approach 20 to 40 percent and require significant reductions-in-force.

The Administration's concerns about the impact of these funding and staffing reductions are discussed further in the attachment.

Legal Services Corporation (LSC)

The Committee mark of \$278 million -- a one-third reduction in funding below the FY 1995 level -- would result in more than a one-third reduction in civil legal services to the poor, particularly in rural areas and in areas with programs that receive a large portion of their total funding from the LSC. This reduction, coupled with severe new restrictions on how the Corporation and its grantees may utilize their funding -- regardless of the source -- may drive away a significant portion of non-Federal funding and pro bono involvement. Nationwide, 40 percent of the funding for the LSC's programs comes from private sources. State and local governments, as well as private groups, charities, and individuals do not want the Federal government restricting the use of funds they provide to address the particular legal needs of the poor in their communities.

Oklahoma City/Anti-terrorism Funding

The Administration is pleased that the Committee has incorporated most of the funding requested by the President on July 17, 1995, for anti-terrorism activities in response to the Oklahoma City bombing and urges the Congress to fund fully all of the requests contained in the proposals.

Other Issues

The Administration would oppose any amendment that would restrict the ability of the United States to operate and conduct diplomatic relations with Vietnam.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2076 -- COMMERCE, JUSTICE, STATE, JUDICIARY,
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

Department of Justice

Privatization of Federal Prisons. The Committee recommends the privatization of the operations of only one of the four prison facilities recommended for privatization in the President's FY 1996 Budget. The Administration continues to believe that it is appropriate and timely to privatize operations of all future pretrial detention facilities, along with future minimum and low security prisons that are not in complexes with higher security levels.

The Bureau of Prisons has extensive experience contracting for the housing and care of prisoners, with approximately 10 percent of the current prisoner population housed in private facilities. Privatization would contribute significantly to efforts to reduce the size of the Federal workforce. To delay this initiative for further study, as recommended by the Committee, would risk the opportunity to privatize certain prisons under construction that have not yet been staffed with Federal employees and would largely preclude their future privatization.

General Legal Activities. The Committee decision to transfer 200 attorneys from the General Legal Activities appropriation to the United States Attorneys is described in the House Committee Report as an initiative that would contribute to "sustaining the strength of Federal law enforcement." However, the impact of a transfer of 200 attorneys would result in anything but a strengthening of tax and environmental law enforcement. Such a transfer would send the wrong signal to the private bar about our enforcement capability, and it would be seen as a dilution of our specialized expertise.

Fair and consistent application of tax and environmental laws is something that industry wants. Moreover, environmental and tax cases would likely be subsumed by local criminal cases, especially in light of the pressures presented by the Speedy Trial Act. Less environmental and tax work would result.

Civil Liberties Public Education Fund. The Committee mark would not provide the \$5 million in funding requested for the Civil Liberties Public Education Fund. These funds, as authorized by the Civil Liberties Act of 1988, would be used to promote public education and awareness of the conditions of confinement experienced by scores of Japanese Americans during World War II. The Administration is concerned that the lack of funding in the Committee bill could compromise the success of this important program.

Support of United States Prisoners. The Committee mark for the Support of U.S. Prisoners appropriation is \$45 million below the President's request. This program provides for housing and subsistence for the Federal prisoners remanded to the custody of the U.S. Marshals Service. An appropriation of less than the President's request may result in insufficient funds if the detainee population or per diem costs increase as projected. Sufficient resources are necessary because the Government has no choice but to house and provide medical care for Federal detainees and prisoners.

Other Justice programs. The Administration appreciates the Committee's full funding of the request for the State Criminal Alien Assistance Program and prison grants. However, the Administration strongly supports language that would target Federal prison grant funds for uses that expand the capacity of State prison systems rather than for prison operations, which are clearly a State responsibility. C

Department of Commerce

Civilian Technology Investment Programs. The Committee mark for civilian technology programs could threaten the United States' standing with respect to technology advancements, innovation, and economic competitiveness. The Committee's allocation for the Manufacturing Extension Partnership Program would leave large areas of the U.S. without access to the technical assistance that helps smaller manufacturers to employ advanced manufacturing technology critical to global competitiveness. The Committee's allocation for the National Information Infrastructure Grants program would deny hospitals, schools, and local governments access to advanced communications technologies to save lives, educate people, and deliver important services.

Economics and Statistics Administration. The Committee mark for the Census Bureau and the Bureau of Economic Analysis (BEA) is \$94 million below the President's request and \$17 million below the FY 1995 enacted level. This reduction would terminate efforts to increase the quality of the Nation's economic statistics and would degrade the quality

of some existing economic indicators. During a time when Congress is turning over more programs to the States, BEA would be forced to reduce regional data on State and local per capita income and gross State product estimates used for allocating over \$100 billion in Federal funds.

The Committee's recommendation would make it impossible for the Census Bureau to sustain the progress that has been made in improving the accuracy of the 2000 Decennial Census. Census and BEA would not be able to fund essential long-term systems modernization, which is needed to avoid future cost increases. BEA's 1970s vintage mainframe computer is rapidly failing and cannot be replaced within the current funding levels. This increases the risk of a catastrophic failure that could jeopardize the timely calculation of the Gross Domestic Product.

National Oceanic and Atmospheric Administration (NOAA). The Committee mark would provide \$1.75 billion for NOAA, \$354 million or 10 percent below the FY 1995 enacted level and 17 percent below the President's request. Fisheries management and enforcement would be retained, but at 14 percent below FY 1995 and 27 percent below the FY 1996 request. Both fisheries and endangered species work would be cut back. The U.S. economy would likely suffer the further decline of the fishing industry, causing additional loss of jobs. These cuts would impede NOAA's ability to provide for Pacific salmon recovery.

Under the Committee bill, NOAA research would be curtailed by 24 percent, including substantial cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. These activities are crucial to support the goal of sustainable development of the Nation's environmental resources. Funding cuts in programs that support the Nation's coastline, coastal ecosystems, and fisheries habitats would seriously jeopardize ongoing efforts critical to effective management of these resources.

In addition, the Committee's allocation would slow down modernization of the National Weather Service and jeopardize satellite continuity. The Committee's proposed reductions would mean that some 10 Weather Forecast Offices would not receive staff as proposed in the President's FY 1996 Budget. The follow-on Geostationary Satellite (GOES) program would require slowdown and reassessment, resulting in a possible gap in future GOES coverage. Improvements in forecasts and

warnings, which lead to reduced loss of life and property, would be delayed. The U.S. experiences more severe local storms and flooding than any other nation in the world. These events translate into considerable loss of lives and annual property damages estimated in the billion of dollars.

Staff Cuts for the Commerce Department. Staff in the Bureau of Economic Analysis and the Economic Development Administration would have to be cut by 20 to 40 percent to accommodate the Committee's reductions in funding for these agencies. A substantial number of RIFs or furloughs would be required in the Minority Business Development Administration, Office of the Secretary, and NOAA. In addition, no funds would be provided to pay for RIF costs in the U.S. Travel and Tourism Administration. The unfunded costs from RIFs and terminations could exceed \$86 million under the Committee's allocation.

Department of Transportation

Maritime Administration. The Committee bill would not fund the new \$175 million Maritime Security Program (MSP), a Presidential initiative critical to the national security and economic security of the United States. The MSP would support up to 50 vessels and assist in maintaining a U.S. flag merchant fleet crewed by U.S. citizens. The program would assure the continuance of an international trade fleet crewed by U.S. seafarers. The current U.S.-flag dry cargo international merchant fleet consists of 124 liner vessels. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000, and the loss of over 5,000 seafaring jobs.

International programs

The Administration is concerned with the large reductions the Committee has made in several programs that are important to promoting U.S. foreign policy objectives.

Contributions to International Organizations, which pays U.S. assessments to international organizations and are based primarily on treaty obligations, would be reduced by over \$60 million. This reduction would force the U.S. to abandon our obligations, which by treaty the U.S. is still bound to meet, and could terminate U.S. participation in several international organizations.

The Committee mark would severely damage the Administration's ability to pursue foreign policy objectives through important U.S. public diplomacy programs. From the President's request, the mark would reduce funding for USIA

operations by 11 percent, would cut funding for international broadcasting programs by over 14 percent, and would reduce funding for Educational and Cultural Exchange programs by 24 percent.

With regard to the Arms Control and Disarmament Agency, the Committee would eliminate funding for Cobra Dane, a radar facility in Alaska important for verification of strategic arms reduction treaties. The Administration believes that the Congress should ensure that this activity, requiring \$14 million in FY 1996, would be funded in the national security appropriation if it is not included in the Committee's bill.

The Administration is concerned about reductions in the State Department's operational accounts, particularly the 50 percent reduction in the Capital Investment Fund and the \$30 million reduction in the Foreign Buildings Program. The Administration's request of \$32.8 million for the Capital Investment Fund is necessary to invest in modern information technology that will enable the Department of State, through increased efficiencies, to meet the challenges posed by tight resource levels. In addition, the Committee would make imprudent reductions of \$30 million to the foreign buildings request. In FY 1996, the buildings request includes only sufficient resources to meet the practical need of preserving the value of existing U.S. Government assets through a measured program of facility rehabilitation and repair.

The Administration opposes the imposition of an FY 1997 deadline to implement fully a revised cost sharing system for overseas administrative support. As the Committee report acknowledges, the Administration is currently working to implement a revised approach, the International Cooperative Administrative Support Services (ICASS) program, at a number of pilot posts in FY 1996. This new concept includes empowering an inter-agency board at each overseas post with decision-making power over the provision of administrative services. Implementation on a world-wide basis will depend upon an evaluation of pilot post operations. The Administration opposes imposition of a one-year deadline without the benefit of pilot post experience and without Administration review on the feasibility of worldwide implementation.

Equal Employment Opportunity Commission (EEOC)

The Committee mark would provide \$233 million for the EEOC, a reduction of \$35 million, or 13 percent, from the President's request. This allocation would be insufficient to address the backlog of over 100,000 unresolved complaints that is currently facing the Commission. The Committee's

level of funding would also jeopardize ongoing management efforts to streamline case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Small Business Administration (SBA)

Disaster Loan Program. The Committee mark would provide the requested \$34.4 million for the Disaster Loan Program. The requested level, however, assumes the enactment of a program reform to increase interest rates on these loans to the Treasury cost of borrowing plus two percent. If the reform is not enacted, the \$34.4 million provided in the Committee bill would support only \$110 million in disaster loans -- about one-quarter of the historical average (excluding catastrophes).

Section 504 Certified Development Company Program. The Committee mark would not provide funding for this program as requested. However, the request for zero funding assumes the enactment of a program reform that would reduce the subsidy rate to zero through increased fees on borrowers. If the reform is not enacted and the subsidy rate remains at 0.57 percent, the program would not be able to continue with zero funding.

Office of Advocacy. The Administration urges the Congress to restore the \$6 million requested for SBA's Office of Advocacy. The Committee bill would provide no funding for this function. The Office of Advocacy is an independent voice for small business within the Executive Branch and carries out certain congressional mandates, including the monitoring of Federal agencies compliance with the Regulatory Flexibility Act.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 7, 1995 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2076 -- COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky;
Hatfield (R), Oregon; Gregg (R) New Hampshire)

This Statement of Administration Policy provides the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as approved by the Conference Committee. Your consideration of the Administration's views would be appreciated.

The Administration strongly opposes several aspects of the Conference Report. For the reasons discussed more fully below, the President would veto the bill if it were presented to him in its current form.

The bill would provide insufficient funds to support the important activities covered by this bill. It would undermine our ability to fight the war on crime and to support international organizations and peacekeeping activities; decimate technology programs that are critical to building a strong U.S. economy; and cripple our ability to provide legal services for disadvantaged individuals.

Programs to Fight Crime

The bill would eliminate the COPS program and, instead, fund a law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee a single new officer. COPS is a proven success and should be maintained as a separate discretionary program. The COPS program has reinvented Federal grant making, putting grant monies into the hands of local agencies on an expedited basis. A block grant program cannot accomplish what the current program has done.

The President would not sign any version of this appropriations bill that does not fund the COPS program in its authorized form.

Similarly, the bill fails to ensure funding for important crime prevention activities, most notably so-called "drug courts," the Community Relations Service, and the President's Crime Prevention Council. In addition, there are reductions below the request for the President's immigration initiative. The Administration urges the Congress to support increased funding for these vital programs, as well as the continuation of the Associate Attorney General's Office.

The prison grants "Truth in Sentencing" provisions of the bill would disproportionately and unfairly benefit a small number of States, deprive some States of any funds, and harm many States -- including some with very strong sentencing policies. In addition, the provisions would generate delay in the awards of much needed prison grant funds for all States.

Technology Programs of the Department of Commerce

The Administration urges the Congress to support the technology programs of the Department of Commerce that work to expand our economy, help Americans compete in the global marketplace, and create high quality jobs. The conference level would eliminate funding for the Advanced Technology Program (ATP) and prohibit new awards, which is unacceptable to the Administration. ATP is a highly competitive, cost-shared program that fosters technology development, promotes industrial alliances, and creates jobs. Eliminating ATP funding would force wasteful cancellation of ongoing research projects before they are complete. The ATP program was created with bipartisan support, which it continues to deserve.

The bill also would sharply reduce funding for the National Information Infrastructure (NII) grants program. The NII program assists hospitals, schools, libraries, and local governments in procuring advanced communications equipment to provide better health care, education, and local government services. The conference level would eliminate funding for the GLOBE program, which promotes knowledge of science and the environment in our schools. The Administration is also concerned about reductions below the request for the Manufacturing Extension program.

The Administration is concerned with the funding levels provided for the Technology Administration to fulfill the U.S. Commitment for the U.S.-Israeli Science and Technology Commission and to maintain valuable technology analysis and advocacy work at a time of increasingly fierce global competition. The Administration seeks additional funding for economic and statistical analysis and for the Census Bureau. In addition, we are concerned about the level of funding for the Economic Development Administration Defense Conversion program.

Legal Services Corporation

The Administration is greatly concerned with the conference funding level for the Legal Services Corporation (LSC), which would cripple the ability of the Corporation to serve people in need, and urges the Congress to restore funding for the Corporation. The Administration does not support the excessive restrictions on LSC operations contained in language provisions in the Conference Report. The restrictions imposed on the representation of clients unduly limit their access to the justice system. An allocation of \$9 million for management and administration is essential to permit Corporation management to meet its statutory responsibilities, which include for the first time the awarding of grants on a competitive basis.

International Programs

The Conference Report includes a 50-percent reduction to Contributions to International Peacekeeping Activities and a 24-percent reduction to Contributions to International Organizations, which fund the treaty-obligated U.S. share of activities of the United Nations, International Atomic Energy Agency, NATO, and others. These activities support important U.S. national security and foreign policy interests including, among others, the Middle East (including Israel's borders and Kuwait/Iraq), weapons nonproliferation and safeguards activities, sanctions against international renegade countries, promotion of an open international trading framework, control of diseases such as Ebola viruses, and promotion of human rights. These reductions would impair the ability of the U.S. to carry out and safeguard important U.S. interests around the world. Also, without restoration of funding for these accounts, the Administration would be severely hindered in the pursuit of much needed reforms at the organizations.

In addition, other international affairs programs of the Department of State, the Arms Control and Disarmament Agency, and the United States Information Agency, are reduced to levels that would hinder the execution of important national security and foreign policy activities. Finally, the Administration regrets the inclusion of extraneous language in the bill related to the presence of U.S. Government facilities in Vietnam.

Other Issues

The Administration objects to section 103, which would prohibit the use of funds in the act for performing abortions, with certain exceptions.

In addition to the issues discussed above, the Administration would like to work with the Congress to address the other concerns that were outlined in the conferees letter of November 6, 1995.

Clearly, this bill does not reflect the priorities of the President or the values of the American people. The Administration urges the Congress to send the President an appropriations bill for these important priorities that truly serves the American people.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 20, 1995 (SENT)
(House Rules)

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STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2076 -- COMMERCE, JUSTICE, AND STATE, THE JUDICIARY,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The funding allocations for many of these investments, particularly in the areas of civilian technology, environment, violent crime control, and international affairs are contained in this bill. The Administration does not share all of the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. This bill is nearly \$2.9 billion below the President's request.

The Administration commends the Committee for its decision to continue to support and fund the Department of Commerce. The Commerce Department helps to ensure economic growth and a higher standard of living for all Americans. Its viability as an agency is essential. Additionally, the Administration is pleased that the Committee has supported increased funding for the Department of Justice, although at lower levels than requested by the Administration. Recent crime statistics have shown a decrease in violent crime in the United States. Continued support for the Department of Justice is essential for ensuring that America continues on this path.

Regrettably, the Committee has approved several provisions that the Administration finds seriously objectionable. For the reasons discussed below, the Attorney General, the Secretary of Commerce, and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him in its current form.

Community Oriented Policing Services (COPS)

The Committee mark would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the Committee bill would fund a general law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee one new officer. The President has indicated that this action is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

To date, the COPS program has already authorized funding for more than 20,000 new officers throughout the United States and has initiated a number of innovations in the grant process, such as simplified applications and coupons for drawing down grant funds. Police chiefs and sheriffs from around the country have praised the administration of the COPS program as customer-oriented, non-bureaucratic, and visionary. It is essential that the Congress restore full funding for the COPS program to ensure that the progress made to date in increasing the number of police on the street and fighting crime is not lost.

Other Violent Crime Reduction Trust Fund Programs

The Committee bill would provide \$3.9 billion for programs funded by the Violent Crime Reduction Trust Fund, approximately \$24 million less than requested. Especially troubling within this allocation is the Committee's lack of support for important "smart" crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, violence against women countermeasures, the Presidential Summit on Crime, and various other crime control programs. While the Committee presumably intends for these initiatives to be funded from the law enforcement block grant, specific funding allocations should be set aside for these proven, effective programs.

Advanced Technology Program, Department of Commerce

The Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in civilian technology. By eliminating funding for the Advanced Technology Program (ATP), the Congress would extinguish one of the country's most productive industry-government partnerships -- a partnership that is just beginning to expand our economy and help America to compete in the global marketplace.

ATP accelerates the development of enabling technologies with commercial potential and broad-based economic benefits through a rigorous, merit-based competition. The program provides an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. Analysis of ATP awards to date shows that they foster important technology development, enable research to be performed more quickly and aggressively, promote industrial alliances, and create jobs. The Administration strongly urges the Congress to restore funding for this valuable program.

Other Commerce Programs

The Committee mark would make substantial reductions to the President's requests for the Economics and Statistics Administration and the National Oceanic and Atmospheric Administration (NOAA). These cuts would reduce our investment in the Nation's statistical system, which provides policymakers critical economic and demographic indicators about our Nation. The reductions to NOAA would undermine efforts to manage the Nation's marine fisheries and coastal areas and reduce our efforts to monitor global environmental changes. The Administration finds particularly objectionable the Committee's elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program.

The Committee's funding reductions to Commerce programs would require substantial staffing reductions across virtually the entire Department. In certain areas of Commerce, these staffing reductions could approach 20 to 40 percent and require significant reductions-in-force.

The Administration's concerns about the impact of these funding and staffing reductions are discussed further in the attachment.

Legal Services Corporation (LSC)

The Committee mark of \$278 million -- a one-third reduction in funding below the FY 1995 level -- would result in more than a one-third reduction in civil legal services to the poor, particularly in rural areas and in areas with programs that receive a large portion of their total funding from the LSC. This reduction, coupled with severe new restrictions on how the Corporation and its grantees may utilize their funding -- regardless of the source -- may drive away a significant portion of non-Federal funding and *pro bono* involvement. Nationwide, 40 percent of the funding for the LSC's programs comes from private sources. State and local governments, as well as private groups, charities, and individuals do not want the Federal government restricting the use of funds they provide to address the particular legal needs of the poor in their communities.

Oklahoma City/Anti-terrorism Funding

The Administration is pleased that the Committee has incorporated most of the funding requested by the President on July 17, 1995, for anti-terrorism activities in response to the Oklahoma City bombing and urges the Congress to fund fully all of the requests contained in the proposals.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2076 -- COMMERCE, JUSTICE, STATE, JUDICIARY,
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

Department of Justice

Privatization of Federal Prisons. The Committee recommends the privatization of the operations of only one of the four prison facilities recommended for privatization in the President's FY 1996 Budget. The Administration continues to believe that it is appropriate and timely to privatize operations of all future pretrial detention facilities, along with future minimum and low security prisons that are not in complexes with higher security levels.

The Bureau of Prisons has extensive experience contracting for the housing and care of prisoners, with approximately 10 percent of the current prisoner population housed in private facilities. Privatization would contribute significantly to efforts to reduce the size of the Federal workforce. To delay this initiative for further study, as recommended by the Committee, would risk the opportunity to privatize certain prisons under construction that have not yet been staffed with Federal employees and would largely preclude their future privatization.

General Legal Activities. The Committee decision to transfer 200 attorneys from the General Legal Activities appropriation to the United States Attorneys is described in the House Committee Report as an initiative that would contribute to "sustaining the strength of Federal law enforcement." However, the impact of a transfer of 200 attorneys would result in anything but a strengthening of tax and environmental law enforcement. Such a transfer would send the wrong signal to the private bar about our enforcement capability, and it would be seen as a dilution of our specialized expertise.

Fair and consistent application of tax and environmental laws is something that industry wants. Moreover, environmental and tax cases would likely be subsumed by local criminal cases, especially in light of the pressures presented by the Speedy Trial Act. Less environmental and tax work would result.

Civil Liberties Public Education Fund. The Committee mark would not provide the \$5 million in funding requested for the Civil Liberties Public Education Fund. These funds, as authorized by the Civil Liberties Act of 1988, would be used to promote public education and awareness of the conditions of confinement experienced by scores of Japanese Americans during World War II. The Administration is concerned that the lack of funding in the Committee bill could compromise the success of this important program.

Support of United States Prisoners. The Committee mark for the Support of U.S. Prisoners appropriation is \$45 million below the President's request. This program provides for housing and subsistence for the Federal prisoners remanded to the custody of the U.S. Marshals Service. An appropriation of less than the President's request may result in insufficient funds if the detainee population or per diem costs increase as projected. Sufficient resources are necessary because the Government has no choice but to house and provide medical care for Federal detainees and prisoners.

Other Justice programs. The Administration appreciates the Committee's full funding of the request for the State Criminal Alien Assistance Program and prison grants. However, the Administration strongly supports language that would target Federal prison grant funds for uses that expand the capacity of State prison systems rather than for prison operations, which are clearly a State responsibility.

Department of Commerce

Civilian Technology Investment Programs. The Committee mark for civilian technology programs could threaten the United States' standing with respect to technology advancements, innovation, and economic competitiveness. The Committee's allocation for the Manufacturing Extension Partnership Program would leave large areas of the U.S. without access to the technical assistance that helps smaller manufacturers to employ advanced manufacturing technology critical to global competitiveness. The Committee's allocation for the National Information Infrastructure Grants program would deny hospitals, schools, and local governments access to advanced communications technologies to save lives, educate people, and deliver important services.

Economics and Statistics Administration. The Committee mark for the Census Bureau and the Bureau of Economic Analysis (BEA) is \$94 million below the President's request and \$17 million below the FY 1995 enacted level. This reduction would terminate efforts to increase the quality of the Nation's economic statistics and would degrade the quality

of some existing economic indicators. During a time when Congress is turning over more programs to the States, BEA would be forced to reduce regional data on State and local per capita income and gross State product estimates used for allocating over \$100 billion in Federal funds.

The Committee's recommendation would make it impossible for the Census Bureau to sustain the progress that has been made in improving the accuracy of the 2000 Decennial Census. Census and BEA would not be able to fund essential long-term systems modernization, which is needed to avoid future cost increases. BEA's 1970s vintage mainframe computer is rapidly failing and cannot be replaced within the current funding levels. This increases the risk of a catastrophic failure that could jeopardize the timely calculation of the Gross Domestic Product.

National Oceanic and Atmospheric Administration (NOAA). The Committee mark would provide \$1.75 billion for NOAA, \$354 million or 10 percent below the FY 1995 enacted level and 17 percent below the President's request. Fisheries management and enforcement would be retained, but at 14 percent below FY 1995 and 27 percent below the FY 1996 request. Both fisheries and endangered species work would be cut back. The U.S. economy would likely suffer the further decline of the fishing industry, causing additional loss of jobs. These cuts would impede NOAA's ability to provide for Pacific salmon recovery.

Under the Committee bill, NOAA research would be curtailed by 24 percent, including substantial cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. These activities are crucial to support the goal of sustainable development of the Nation's environmental resources. Funding cuts in programs that support the Nation's coastline, coastal ecosystems, and fisheries habitats would seriously jeopardize ongoing efforts critical to effective management of these resources.

In addition, the Committee's allocation would slow down modernization of the National Weather Service and jeopardize satellite continuity. The Committee's proposed reductions would mean that some 10 Weather Forecast Offices would not receive staff as proposed in the President's FY 1996 Budget. The follow-on Geostationary Satellite (GOES) program would require slowdown and reassessment, resulting in a possible gap in future GOES coverage. Improvements in forecasts and warnings, which lead to reduced loss of life and property,

would be delayed. The U.S. experiences more severe local storms and flooding than any other nation in the world. These events translate into considerable loss of lives and annual property damages estimated in the billion of dollars.

Staff Cuts for the Commerce Department. Staff in the Bureau of Economic Analysis and the Economic Development Administration would have to be cut by 20 to 40 percent to accommodate the Committee's reductions in funding for these agencies. A substantial number of RIFs or furloughs would be required in the Minority Business Development Administration, Office of the Secretary, and NOAA. In addition, no funds would be provided to pay for RIF costs in the U.S. Travel and Tourism Administration. The unfunded costs from RIFs and terminations could exceed \$86 million under the Committee's allocation.

Department of Transportation

Maritime Administration. The Committee bill would not fund the new \$175 million Maritime Security Program (MSP), a Presidential initiative critical to the national security and economic security of the United States. The MSP would support up to 50 vessels and assist in maintaining a U.S. flag merchant fleet crewed by U.S. citizens. The program would assure the continuance of an international trade fleet crewed by U.S. seafarers. The current U.S.-flag dry cargo international merchant fleet consists of 124 liner vessels. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000, and the loss of over 5,000 seafaring jobs.

International programs

The Administration is concerned with the large reductions the Committee has made in several programs that are important to promoting U.S. foreign policy objectives.

Contributions to International Organizations, which pays U.S. assessments to international organizations and are based primarily on treaty obligations, would be reduced by over \$60 million. This reduction would force the U.S. to abandon our obligations, which by treaty the U.S. is still bound to meet, and could terminate U.S. participation in several international organizations.

The Committee mark would severely damage the Administration's ability to pursue foreign policy objectives through important U.S. public diplomacy programs. From the President's request, the mark would reduce funding for USIA

operations by 11 percent, would cut funding for international broadcasting programs by over 14 percent, and would reduce funding for Educational and Cultural Exchange programs by 24 percent.

With regard to the Arms Control and Disarmament Agency, the Committee would eliminate funding for Cobra Dane, a radar facility in Alaska important for verification of strategic arms reduction treaties. The Administration believes that the Congress should ensure that this activity, requiring \$14 million in FY 1996, would be funded in the national security appropriation if it is not included in the Committee's bill.

The Administration is concerned about reductions in the State Department's operational accounts, particularly the 50 percent reduction in the Capital Investment Fund and the \$30 million reduction in the Foreign Buildings Program. The Administration's request of \$32.8 million for the Capital Investment Fund is necessary to invest in modern information technology that will enable the Department of State, through increased efficiencies, to meet the challenges posed by tight resource levels. In addition, the Committee would make imprudent reductions of \$30 million to the foreign buildings request. In FY 1996, the buildings request includes only sufficient resources to meet the practical need of preserving the value of existing U.S. Government assets through a measured program of facility rehabilitation and repair.

The Administration opposes the imposition of an FY 1997 deadline to implement fully a revised cost sharing system for overseas administrative support. As the Committee report acknowledges, the Administration is currently working to implement a revised approach, the International Cooperative Administrative Support Services (ICASS) program, at a number of pilot posts in FY 1996. This new concept includes empowering an inter-agency board at each overseas post with decision-making power over the provision of administrative services. Implementation on a world-wide basis will depend upon an evaluation of pilot post operations. The Administration opposes imposition of a one-year deadline without the benefit of pilot post experience and without Administration review on the feasibility of worldwide implementation.

Equal Employment Opportunity Commission (EEOC)

The Committee mark would provide \$233 million for the EEOC, a reduction of \$35 million, or 13 percent, from the President's request. This allocation would be insufficient to address the backlog of over 100,000 unresolved complaints that is currently facing the Commission. The Committee's

level of funding would also jeopardize ongoing management efforts to streamline case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Small Business Administration (SBA)

Disaster Loan Program. The Committee mark would provide the requested \$34.4 million for the Disaster Loan Program. The requested level, however, assumes the enactment of a program reform to increase interest rates on these loans to the Treasury cost of borrowing plus two percent. If the reform is not enacted, the \$34.4 million provided in the Committee bill would support only \$110 million in disaster loans -- about one-quarter of the historical average (excluding catastrophes).

Section 504 Certified Development Company Program. The Committee mark would not provide funding for this program as requested. However, the request for zero funding assumes the enactment of a program reform that would reduce the subsidy rate to zero through increased fees on borrowers. If the reform is not enacted and the subsidy rate remains at 0.57 percent, the program would not be able to continue with zero funding.

Office of Advocacy. The Administration urges the Congress to restore the \$6 million requested for SBA's Office of Advocacy. The Committee bill would provide no funding for this function. The Office of Advocacy is an independent voice for small business within the Executive Branch and carries out certain congressional mandates, including the monitoring of Federal agencies compliance with the Regulatory Flexibility Act.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



December 14, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Lewis (R), California;
Hatfield (R), Oregon; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill.

The President will veto this bill, if presented to him in its current form.

The bill provides insufficient funds to support the important activities covered by this bill. It would threaten public health and the environment, end programs that are helping communities help themselves, close the door on college for thousands of young people, and leave veterans seeking medical care with fewer treatment options.

The Conference Report includes no funds for the President's successful National Service program. If such funding were eliminated, the bill would cost nearly 50,000 young Americans the opportunity to help their community, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while earning a monetary award to help them pursue additional education or training. The President will not sign any version of this appropriations bill that does not restore funds for this vital program.

This bill includes a 22-percent cut in requested funding for the Environmental Protection Agency, including a 25-percent cut in enforcement that is designed to cripple EPA efforts to enforce laws against polluters. Particularly objectionable is the bill's 25-percent cut in Superfund, which would result in the continued exposure of hundreds of thousands of citizens to dangerous chemicals.

The bill also includes legislative riders that were tacked onto the bill without any hearings or adequate public input, including one that would prevent EPA from exercising its legislative authority under the Clean Water Act to prevent wetlands losses.

The Administration is concerned about the \$762 million reduction in funds that were requested to go directly to the States and needy cities for clean water and drinking water needs, such as assistance to clean up Boston Harbor. The Administration also objects to cuts in environmental technology, the climate change action plan and other environmental programs.

The Administration also strongly opposes the bill's more than 50-percent cut for the Council for Environmental Quality. Such a reduction would severely hamper the Council's ability to provide the President with advice on environmental policy and carry out its responsibilities under the National Environmental Policy Act.

The bill provides no new funding for the Community Development Financial Institutions program, an important initiative for bringing credit and growth to communities long left behind.

While the bill provides spending authority for several important initiatives of the Department of Housing and Urban Development, including Community Development Block Grants and the sale of HUD-owned properties, it lacks funding for other important areas. It provides no funds to support economic development initiatives; it has insufficient funds for incremental rental vouchers; and it cuts the President's request almost in half for bringing down the most severely distressed housing projects. Also, the bill contains harmful riders that would transfer HUD's Fair Housing activities to the Justice Department and eliminate Federal preferences in the section 8 tenant-based program.

The bill provides less than the President requested for veterans' medical care. The bill also includes significant restrictions on funding for the Secretary that appear targeted at impeding him from carrying out his duties as an advocate for veterans throughout the country. Finally, the bill does not provide necessary funding for VA hospital construction.

The Administration opposes the conferees decision to eliminate funding for the Office of Consumer Affairs.

Clearly, this bill does not reflect the values that Americans hold dear. The Administration would like to work with the Congress to address the issues discussed above as well as the other concerns that were outlined in our conferees letter of November 6, 1995. The President urges Congress to send him an appropriations bill for these important priorities that truly serves the American people.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



November 20, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2099 -- VA/HUD and Independent Agencies
Appropriations Bill, FY 1996
(Sponsors: Rep. Lewis (CA); Senator Bond (MO))

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the VA/HUD and Independent Agencies Appropriations Bill.

The President will veto this bill, if presented to him in its current form.

The bill provides insufficient funds to support the important activities covered by this bill. It would threaten public health and the environment, end programs that are helping communities help themselves, close the door on college for thousands of young people, and leave veterans seeking medical care with fewer treatment options.

The Conference Report includes no funds for the President's successful national service program. If such funding is eliminated, the bill would cost nearly 50,000 young Americans the opportunity to help their community, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while earning a monetary award to help them pursue additional education or training. The President will not sign any version of this appropriations bill that does not restore funds for this vital program.

This bill includes a 22 percent cut in requested funding for the Environmental Protection Agency, including a 25 percent cut in enforcement that is designed to cripple EPA efforts to enforce laws against polluters. Particularly objectionable is the bill's 25 percent cut in Superfund, which would result in the continued exposure of hundreds of thousands of citizens to dangerous chemicals.

The bill also includes legislative riders that were tacked onto the bill without any hearings or adequate public input, including one that would prevent EPA from exercising its legislative authority under the Clean Water Act to prevent wetlands losses.

The Administration is also concerned about the \$762 million reduction in funds that were requested to go directly to the States and needy cities for clean water and drinking water needs, such as assistance to clean up Boston Harbor.

Finally, the Administration strongly opposes the bill's more than 50 percent cut for the Council for Environmental Quality. Such a reduction would severely hamper their ability to provide the President with advice on environmental policy and carry out its responsibilities under the National Environmental Policy Act.

The bill provides no new funding for the Community Development Financial Institutions program, an important initiative for bringing credit and growth to communities long left behind.

While the bill provides spending authority for several important initiatives of the Department of Housing and Urban Development, including Community Development Block Grants and the sale of HUD-owned properties, it lacks funding for other important areas. It provides no funds to support economic development initiatives, it has insufficient funds for incremental rental vouchers, and it cuts the President's request almost in half for bringing down the most severely distressed housing projects. Also, the bill contains harmful riders that would transfer HUD's Fair Housing activities to the Justice Department, and eliminate federal preferences in the section 8 tenant-based program.

The bill provides \$397 million less than the President requested for veterans' medical care which will leave many veterans untreated. The bill also makes a significant cut in funding for the Secretary that appears targeted at impeding him from carrying out his duties as an advocate for veterans throughout the country.

In addition, the Administration would like to work with the Congress to address the other concerns that were outlined in conferees letter of November 6, 1995.

Clearly, this bill does not reflect the values that Americans hold dear. The President urges Congress to send him an appropriations bill for these important priorities that truly serves the American people.



September 25, 1995 (SENT)
(Senate Floor)

(F)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Hatfield (R), Oregon; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate 602(b) allocations and must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is over \$9 billion below the President's request.

While the Committee mark makes many improvements to the House-passed bill, the Administration strongly opposes several aspects of the Committee bill. The President would veto the bill if it were presented to him as reported by the Committee.

Corporation for National and Community Service

The Committee bill would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Committee's decision to eliminate this important initiative and urges the Senate to provide funding at the requested level of \$819 million. If the program were to be eliminated, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

Compared to the House-passed bill, the Committee bill represents substantial progress on overall funding levels for HUD, and some progress in the consolidation of HUD's functions. The bill contains a series of provisions that would provide incentives to work to poor families receiving housing assistance, and help the Department and public housing authorities weed out the most distressed projects.

However, the Administration strongly opposes the excessive overall reduction of \$4 billion made by the Committee to the President's request for HUD and is especially concerned over cuts in new incremental housing vouchers and homeless assistance. The Administration urges continuation of the 20-year bipartisan commitment to meet low-income housing needs by expanding the number of people receiving rental assistance. The Committee bill would provide less than one-half of the requested funding for new assistance. Moreover, the use of these funds would be largely restricted to families already receiving some form of assistance, and spending would be deferred until FY 1997. By the end of FY 1996, the effect of this delay would be a five-percent reduction in the number of families assisted.

The Committee bill would also reduce grants to assist communities in providing services to the homeless by \$360 million, or 32 percent, relative to the FY 1995 level. The Administration is particularly troubled that funds would be severely reduced at the very moment that Congress, for the first time, would allow the funds to be distributed to States by formula.

As drafted, the Committee's proposal to convert severely distressed, obsolete public housing developments to tenant-based assistance would vest too much discretion in public housing authorities, with the likely outcome that most of the distressed housing would not be converted. Instead, the Secretary should have authority to require the conversion of public housing to vouchers in these limited cases as well as to recapture budget authority for those units and reuse it for replacement assistance.

The Administration also strongly objects to the provision that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination. See attachment for further details.

Environmental Protection Agency (EPA)

While the Committee bill contains significant improvements over the crippling reductions and environmental roll-backs included in the House bill, the Administration opposes the 23-percent overall reduction to the President's request for EPA. This reduction would significantly hamper the Federal

Government's ability to protect public health and the environment.

Particularly objectionable is the 36-percent reduction in the Superfund program, which could result in continued risk of exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites. The Administration is also concerned about the Committee's 37-percent reduction in funding for Clean Water State Revolving Funds in light of a \$137 billion backlog of wastewater funding needs.

In addition, the Administration strongly objects to the proposed reductions to the President's investment program for climate change, Montreal Protocol, and environmental technology. The 74-percent reduction in the climate change programs (including elimination of the "green programs"), would undermine EPA's highly successful voluntary and cooperative energy efficiency programs, which are integral to the Nation's effort to reduce air pollution and stabilize greenhouse gas emissions. The elimination of Montreal Protocol funding would slow efforts to restore the ozone layer, with major public health impacts. The reduction of more than 80-percent to environmental technology would virtually eliminate this program that is designed to reduce environmental control costs and stimulate U.S. export markets for environmental technology.

While less numerous than in the House-passed bill, the Administration objects to the Committee's inclusion of legislative riders in the bill. The Administration opposes the use of appropriations bills to overturn existing law in order to cater to special interests without any hearings on the national environmental impact of these riders.

Veterans Affairs

The Administration has serious concerns about the Committee's overall funding recommendation for the Department of Veterans Affairs (VA), which is \$1.3 billion below the President's request and almost \$400 million below the level provided by the House bill. Over \$1 billion of the Committee's cut would come from VA's medical programs, primarily Medical Care and Major Construction. The \$511 million cut in Medical Care would impede VA's ability to provide quality medical care to thousands of veterans. The cut of \$517 million in Major and Minor Construction would prevent VA from making necessary improvements to older facilities that no longer meet VA's patient care standards. It would also preclude VA from constructing two new hospitals, one at Travis Air Force Base in Fairfield, California, and one in Brevard County, Florida.

The Administration also strongly objects to the provision that would eliminate compensation to incompetent veterans with no dependents and estates over \$25,000. See attachment for further details.

National Aeronautics and Space Administration (NASA)

The Administration prefers the Committee's proposed level of funding for NASA over the level provided by the House-passed bill. In particular, the Administration is pleased with the Committee's support for NASA's Mission to Planet Earth program. However, the Administration is concerned about the impact that the Committee's additional cuts would have on the shuttle program and the effect of delayed obligations on the space station. The Congress must realize that the delay of obligations means a delay in the overall station program. The Administration objects to this delay, not only because of international agreements, but also because of the adverse cost and schedule impacts. By introducing artificial and avoidable delay, the Committee's approach would also run counter to the Administration's policy to streamline this program.

The Administration would strongly oppose any amendment that would terminate, significantly reduce, or restrict funding for the space station, particularly with respect to cooperation with Russia. Such action would jeopardize over 30,000 space station-related jobs located in Florida, Texas, California, and Alabama. It would also significantly undermine the critical international partnerships that the U.S. has developed on this important, cooperative project.

Community Development Financial Institutions (CDFIs)

The Administration strongly urges the Senate to reconsider the Committee's decision to terminate one of the most promising initiatives to aid distressed communities. The requested \$144 million appropriation for Community Development Financial Institutions would leverage an estimated \$600 million in investments, loans, and financial services.

Council on Environmental Quality (CEQ)

The Administration supports the Committee's view that CEQ should not be terminated but strongly opposes the more than 50-percent reduction to the President's request. Such a reduction would severely hamper CEQ's ability to provide the President with advice on environmental policy issues and carry out its responsibilities under the National Environmental Policy Act.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996

(AS REPORTED BY THE SENATE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Department of Housing and Urban Development

- o Fair Housing. The Administration strongly opposes the proposed transfer of all Fair Housing Act administration and enforcement activities to the Department of Justice. HUD's housing and investigatory expertise are critical to the efficient, sensitive handling of fair housing complaints and in settling disputes before they reach litigation. Developing a new organization at the Department of Justice would be duplicative and costly. The Administration also strongly objects to the provision that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination. Since the enactment of regulations that explicitly prohibit discrimination in the provision of property insurance, four Federal district courts and two circuit courts have concluded that the Fair Housing Act applies to property insurance. Exempting an entire industry from coverage under the Fair Housing Act is an extremely troublesome precedent and seems especially unwarranted given continued evidence of red-lining.

- o Mark-to-Market. The Committee bill includes a demonstration designed to test methods of limiting costs for FHA-insured and assisted multi-family properties. In contrast to the Administration's Mark-to-Market proposal, the demonstration as currently drafted would replace the current over-subsidization of many FHA-insured assisted projects with a more costly approach. The demonstration would provide a new debt service subsidy to owners, ensuring them a profit regardless of market conditions. This is the opposite of the Administration's approach, which would expose properties to the market and give residents market power. A new subsidy program to preserve certain multi-family projects as low-income housing is similarly flawed. Delaying the effect of these provisions until the following fiscal year would avoid the immediate scoring problem but would fail to correct the underlying problems of excessive cost and poor incentives.

- o Office of Federal Housing Enterprise Oversight. The Committee bill would transfer the functions of the Office of Federal Housing Enterprise Oversight (OFHEO) from the Department of Housing and Urban Development to the Treasury. OFHEO's responsibilities for overseeing the activities of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), and ensuring their safety and soundness, are important to the stability of the Nation's housing finance system. There are no savings associated with the transfer because OFHEO is funded by assessments from Fannie Mae and Freddie Mac. In its present form, OFHEO is small, cost-effective, task-specific, and talented. There is no basis for changing its structure.

Department of Veterans Affairs

- o Compensation for Incompetent Veterans. The Administration objects to the savings provision that would eliminate compensation to incompetent veterans with no dependents and estates over \$25,000. This provision would unfairly single out a group of severely disabled veterans for diminished benefits based on their lack of close family and modest accumulation of assets.

Environmental Protection Agency

- o Superfund. The Administration opposes the Committee's proposed \$560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Committee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Further, particularly in light of the drastic reductions in proposed funding, the Administration opposes the Committee's allocation of funds to specific Superfund activities. With the limited level of funding recommended by the Committee, EPA would need maximum flexibility to allocate its resources to ensure as efficient and effective a program as possible.
- o Drinking Water State Revolving Funds. The Administration is concerned that the Committee bill would transfer \$500 million in new budget authority and \$225 in budget authority from prior years to the Clean Water State Revolving Funds if the Drinking Water State Revolving Funds are not authorized by December 31,

1995. The Administration does not oppose this transfer by a date certain. However, the date specified in the Committee bill is too soon, given the lack of action on drinking water legislation in this Congress.

- o Wastewater Funding. The Administration objects to the Committee's \$587 million, or 37-percent, reduction to the President's request for Clean Water State Revolving Funds. This program provides a permanent source of wastewater funding that can generate four times the original level of funding over a twenty-year period. Municipalities still have needs for water quality protection that will require \$137 billion in funding. The Administration also objects to the elimination of funding for communities with special wastewater needs, including those in the Needy Cities Program, New Orleans, and Bristol County.
- o GLOBE Program. The Administration urges restoration of funding for the GLOBE program, an innovative environmental education project that involves students from around the world collecting environmental data.

Federal Emergency Management Agency (FEMA)

- o Disaster Relief. The Administration regrets the decision of the Committee to eliminate funding for FEMA disaster relief. While there are unobligated balances as a result of the recent Northridge Earthquake supplemental, the Administration continues to believe that it is necessary and appropriate to set aside funds each year in anticipation of future disasters.

Office of Consumer Affairs

- o The Administration opposes the termination of the Office of Consumer Affairs. This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help line and a consumer's handbook.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 24, 1995 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal Budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, we do not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities.

For the reasons discussed below, the President would veto the bill if it were presented to him in its current form.

Corporation for National and Community Service

The Committee would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Committee's decision to eliminate this important initiative and urges the House to reconsider and to provide funding at the requested level of \$819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

cuts by reducing the Earth Observing System by \$330 million. The Administration objects to this 25-percent reduction, which could impact nearly 3,000 jobs at Goddard and across the country. The Administration also objects to the provision of the bill related to closing NASA Centers by FY 1998. NASA Administrator Goldin has outlined a responsible restructuring plan that avoids closing any of these important national resources. Finally, the Administration objects to the Committee's reductions to other important technology programs, including NASA's contributions to the inter-agency High Performance Computing and Communications and the Partnership for Next Generation of Vehicles (clean car) initiatives.

Community Development Financial Institutions (CDFI)

The Administration opposes the Committee's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. The Administration strongly urges the House to reconsider and to provide funding at the requested level of \$144 million. Without full funding, the CDFI Fund would be unable to provide: \$20 million in direct loan subsidies to support over \$56 million of direct loans to CDFIs; \$72 million in grants, technical assistance, and other financial assistance to CDFIs; and over \$46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated \$600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality (CEQ)

The Administration strongly objects to the Committee's elimination of the Council on Environmental Quality. This action would deprive the President of environmental policy counsel and represents an inappropriate interference in the organization of the President's policy offices.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

Attachment
(House Rules)

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996

(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Housing and Urban Development (HUD)

The Administration opposes the Committee's \$2.4 billion reduction in capital funds for public housing. This reduction would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The \$720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Committee would require hundreds of thousands of the poorest residents of public housing and other assisted housing to pay "minimum rents," taking a high proportion of their income regardless of ability to pay. Rents would increase by an average of \$400 to \$600 a year. All residents would face hardship, and some would be forced into homelessness. These and other provisions would place the heaviest burden of budget balancing on those least able to bear it.

The Committee would also cut \$30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the Committee's \$821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- o reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- o cut salary funding by over \$300 million, causing layoffs of potentially several thousand workers whose efforts are the key to protecting public health from the effects of pollution;
- o eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

Drinking Water State Revolving Funds. The Administration strongly objects to the Committee's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and eliminate all previous funding, contrary to the agreement reflected in H.R. 1944, the pending rescission bill. Municipalities need almost \$9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the Committee's \$360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require \$137 billion in funding. Further, the Committee's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House bill in its current form. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the Committee's proposed \$560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Committee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Just as troubling is the prohibition on spending after December 31, 1995, if the statute is not reauthorized. A reauthorization bill has not yet been drafted by either

body, and this prohibition could endanger public health by shutting down the program -- and the cleanup -- at hundreds of sites. Finally, the Administration objects to the Committee's proposal to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the House to delete -- the numerous legislative "riders" that would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- o virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;
- o jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;
- o prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and
- o mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates the level of funding that the Committee has provided for VA Medical Care. However, the Administration objects to the provision of the Committee bill that would direct the use of \$204 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

The Administration objects to the reduction of \$63 million in General Operating Expenses (seven percent of the requested

amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

The Administration objects to the provision of the Committee bill that would eliminate compensation to incompetent veterans with no dependents and estates over \$25,000. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

Council on Environmental Quality

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on the Legislative Branch appropriations bill, and the Congress traditionally pays appropriate regard to the President's request for the agencies within the Executive Office of the President. This comity avoids inappropriate interference by either branch in the details of the organization of the other, and permits each to organize its own policy offices as it believes will best serve the country.

The Committee bill clearly and inappropriately breaks with this longstanding practice consistently observed by both branches over many years. Consequently, the Administration strongly objects to the Committee's elimination of the Council on Environmental Quality (CEQ). Eliminating CEQ would deprive the President of environmental policy counsel, severely hamper the President's ability to coordinate the development of environmental policy throughout the Executive Branch, and impede the President's ability to resolve interagency disputes.

Consumer Product Safety Commission (CPSC)

The Committee bill would fund the CPSC at \$40 million, \$4 million, or nine percent, below the President's request. This reduction from the requested level would create a significant challenge for CPSC to accomplish its mission of protecting American consumers.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal Budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, we do not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is estimated to be \$11 billion below the President's request.

For the reasons discussed below, the President would veto the bill if it were presented to him in its current form.

Corporation for National and Community Service

The Committee would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Committee's decision to eliminate this important initiative and urges the House to reconsider and to provide funding at the requested level of \$819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Administration strongly opposes the excessive cut of over \$5 billion to the President's request for HUD. The budget can be balanced by FY 2005 while preserving essential commitments to low-income households and communities. By providing no new housing vouchers, the Committee breaks with a 20-year bipartisan precedent at a time when the number of families with severe housing needs has been rising. The Committee would override a long-standing provision that bases the rents of public housing tenants on their ability to pay, and would reduce funding for homeless programs in HUD by \$544 million from the previous year. The Committee would also impose a one-year moratorium on subsidies for FHA multifamily loan guarantees that would shrink the already inadequate supply of affordable housing for low-income families and the elderly. Additional information on the Administration's objections to the Committee reductions in HUD programs is contained in the enclosure.

Environmental Protection Agency (EPA)

The Administration strongly opposes the Committee's 34-percent reduction in EPA's budget, which would have a crippling effect on the Government's ability to protect public health and the environment. Particularly objectionable is the 50-percent cut in enforcement, which would decimate EPA's ability to enforce environmental laws; elimination of funding to help municipalities provide safe drinking water; and the 36-percent reduction in Superfund which could result in continued exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites.

The Administration finds it unconscionable that the Committee would fund over \$40 million in congressional earmarks that are low environmental priorities while making drastic reductions in important programs -- reductions that would hamper our efforts in environmental protection.

The Administration also strongly objects to the numerous legislative "riders" that would essentially overturn existing law. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Additional information on the Administration's objections to the Committee reductions in EPA programs is contained in the enclosure.

National Aeronautics and Space Administration

The Administration supports the Committee's decision to restore many of the reductions to science programs included in the Subcommittee bill. However, the Committee has restored these cuts by reducing the Earth Observing System by \$330 million. The

Administration objects to this 25-percent reduction, which could impact nearly 3,000 jobs at Goddard and across the country. The Administration also objects to the provision of the bill related to closing NASA Centers by FY 1998. NASA Administrator Goldin has outlined a responsible restructuring plan that avoids closing any of these important national resources. Finally, the Administration objects to the Committee's reductions to other important technology programs, including NASA's contributions to the inter-agency High Performance Computing and Communications and the Partnership for Next Generation of Vehicles (clean car) initiatives.

The Administration would strongly oppose any amendment that would terminate or significantly reduce funding for the space station. Such action would jeopardize over 30,000 space station-related jobs located in Florida, Texas, California, and Alabama. It would also significantly undermine the critical partnerships that the U.S. has developed with Russia, Canada, Europe, and Japan on this important, cooperative project.

Community Development Financial Institutions (CDFI)

The Administration opposes the Committee's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. The Administration strongly urges the House to reconsider and to provide funding at the requested level of \$144 million. Without full funding, the CDFI Fund would be unable to provide: \$20 million in direct loan subsidies to support over \$56 million of direct loans to CDFIs; \$72 million in grants, technical assistance, and other financial assistance to CDFIs; and over \$46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated \$600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality (CEQ)

The Administration strongly objects to the Committee's elimination of the Council on Environmental Quality. This action would deprive the President of environmental policy counsel and represents an inappropriate interference in the organization of the President's policy offices.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996

(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Housing and Urban Development (HUD)

The Administration opposes the Committee's \$2.4 billion reduction in capital funds for public housing. This reduction would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The \$720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Committee would require hundreds of thousands of the poorest residents of public housing and other assisted housing to pay "minimum rents," taking a high proportion of their income regardless of ability to pay. Rents would increase by an average of \$400 to \$600 a year. All residents would face hardship, and some would be forced into homelessness. These and other provisions would place the heaviest burden of budget balancing on those least able to bear it.

The Committee would also cut \$30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the Committee's \$821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- o reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- o cut salary funding by over \$300 million, causing layoffs of potentially several thousand workers whose efforts are the key to protecting public health from the effects of pollution;
- o eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

Drinking Water State Revolving Funds. The Administration strongly objects to the Committee's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and eliminate all previous funding, contrary to the agreement reflected in H.R. 1944, the pending rescission bill. Municipalities need almost \$9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the Committee's \$360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require \$137 billion in funding. Further, the Committee's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House bill in its current form. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the Committee's proposed \$560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Committee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Just as troubling is the prohibition on spending after December 31, 1995, if the statute is not reauthorized. A reauthorization bill has not yet been drafted by either body, and this prohibition could endanger public health by

shutting down the program -- and the cleanup -- at hundreds of sites. Finally, the Administration objects to the Committee's proposal to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the House to delete -- the numerous legislative "riders" (including any new riders proposed on the floor) that would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- o virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;
- o jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;
- o prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and
- o mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates the level of funding that the Committee has provided for VA Medical Care. However, the Administration objects to the provision of the Committee bill that would direct the use of \$204 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

The Administration objects to the reduction of \$63 million in General Operating Expenses (seven percent of the requested amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

The Administration objects to the provision of the Committee bill that would eliminate compensation to incompetent veterans with no dependents and estates over \$25,000. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

Council on Environmental Quality

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on the Legislative Branch appropriations bill, and the Congress traditionally pays appropriate regard to the President's request for the agencies within the Executive Office of the President. This comity avoids inappropriate interference by either branch in the details of the organization of the other, and permits each to organize its own policy offices as it believes will best serve the country.

The Committee bill clearly and inappropriately breaks with this longstanding practice consistently observed by both branches over many years. Consequently, the Administration strongly objects to the Committee's elimination of the Council on Environmental Quality (CEQ). Eliminating CEQ would deprive the President of environmental policy counsel, severely hamper the President's ability to coordinate the development of environmental policy throughout the Executive Branch, and impede the President's ability to resolve interagency disputes.

Consumer Product Safety Commission (CPSC)

The Committee bill would fund the CPSC at \$40 million, \$4 million, or nine percent, below the President's request. This reduction from the requested level would create a significant challenge for CPSC to accomplish its mission of protecting American consumers.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Lewis (R), California;
Hatfield (R), Oregon; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill.

The President will veto this bill, if presented to him in its current form.

The bill provides insufficient funds to support the important activities covered by this bill. It would threaten public health and the environment, end programs that are helping communities help themselves, close the door on college for thousands of young people, and leave veterans seeking medical care with fewer treatment options.

The Conference Report includes no funds for the President's successful National Service program. If such funding were eliminated, the bill would cost nearly 50,000 young Americans the opportunity to help their community, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while earning a monetary award to help them pursue additional education or training. The President will not sign any version of this appropriations bill that does not restore funds for this vital program.

This bill includes a 22-percent cut in requested funding for the Environmental Protection Agency, including a 25-percent cut in enforcement that is designed to cripple EPA efforts to enforce laws against polluters. Particularly objectionable is the bill's 25-percent cut in Superfund, which would result in the continued exposure of hundreds of thousands of citizens to dangerous chemicals.

The bill also includes legislative riders that were tacked onto the bill without any hearings or adequate public input, including one that would prevent EPA from exercising its legislative authority under the Clean Water Act to prevent wetlands losses.

The Administration is concerned about the \$762 million reduction in funds that were requested to go directly to the States and needy cities for clean water and drinking water needs, such as assistance to clean up Boston Harbor. The Administration also objects to cuts in environmental technology, the climate change action plan and other environmental programs.

The Administration also strongly opposes the bill's more than 50-percent cut for the Council for Environmental Quality. Such a reduction would severely hamper the Council's ability to provide the President with advice on environmental policy and carry out its responsibilities under the National Environmental Policy Act.

The bill provides no new funding for the Community Development Financial Institutions program, an important initiative for bringing credit and growth to communities long left behind.

While the bill provides spending authority for several important initiatives of the Department of Housing and Urban Development, including Community Development Block Grants and the sale of HUD-owned properties, it lacks funding for other important areas. It provides no funds to support economic development initiatives; it has insufficient funds for incremental rental vouchers; and it cuts the President's request almost in half for bringing down the most severely distressed housing projects. Also, the bill contains harmful riders that would transfer HUD's Fair Housing activities to the Justice Department and eliminate Federal preferences in the section 8 tenant-based program.

The bill provides less than the President requested for veterans' medical care. The bill also includes significant restrictions on funding for the Secretary that appear targeted at impeding him from carrying out his duties as an advocate for veterans throughout the country. Finally, the bill does not provide necessary funding for VA hospital construction.

The Administration opposes the conferees decision to eliminate funding for the Office of Consumer Affairs.

Clearly, this bill does not reflect the values that Americans hold dear. The Administration would like to work with the Congress to address the issues discussed above as well as the other concerns that were outlined in conferees letter of November 6, 1995. The President urges Congress to send him an appropriations bill for these important priorities that truly serves the American people.



(F)

September 7, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2126 -- DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on H.R. 2126, the Department of Defense Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce FY 1996 discretionary spending by \$5 billion in outlays below the FY 1995 enacted level. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities.

The Administration does not support the Committee's 602(b) allocations or the level of funding provided by the Committee bill, which is \$7.8 billion above the President's request. By providing increases for defense programs that are neither warranted nor justified, the bill would seriously undermine the President's goal of achieving a balanced budget while increasing investment programs essential to a higher standard of living for all Americans. As reflected in his budget, the President firmly believes that it is possible to maintain a strong defense without sacrificing critical investments. The Committee's allocation raises serious concerns about the overall priorities reflected in the appropriations process. For this reason and other concerns discussed in a "Statement of Administration Policy" of July 31, 1995, the President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



July 31, 1995 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2126 -- DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on H.R. 2126, the Department of Defense Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration does not support the Committee's 602(b) allocations, nor the level of funding in the Committee bill, which is \$7.8 billion above the President's request. By providing increases for defense programs that are neither warranted nor justified, the bill would also seriously undermine the President's goal of providing a balanced budget while increasing investment programs essential to a higher standard of living for all Americans. As reflected in his Budget, the President firmly believes that we can maintain a strong defense without sacrificing critical investments. The Committee's allocation raises serious concerns about the overall priorities reflected in the appropriations process, and the President will not support the bill unless those concerns are addressed.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities.

Infringements on the President's Authorities

The Committee bill contains provisions that would diminish the President's constitutional authority to conduct the Nation's foreign affairs. Sections 8102-8105 would impose restrictions on the President's ability to conduct and finance contingency operations that are essential to the national interest. In particular, the limits on contingency operations in section 8105 represent an unacceptable infringement on the President's prerogative as Commander-in-Chief. In addition, the requirement to submit supplemental requests to sustain contingency operations clearly constrains Presidential authority. Finally, denying

funds for making assessed or voluntary payments to the United Nations (U.N.) would increase arrearages to the U.N., cause the U.S. to violate its treaty obligations, and undermine U.S. international leadership.

Unwarranted Programs

The Committee bill would provide \$7.8 billion in unrequested funding, mostly for weapons programs that either are not needed or are planned for procurement, more appropriately, in later years. These increases include \$493 million for the B-2 bomber, \$599 million for ballistic missile defense, and \$908 million for National Guard and Reserve equipment. Also included in this \$7.8 billion increase is a wide variety of low-priority spending proposals that do more to serve narrow special interests than they do to provide for a strong national defense.

Seawolf Submarine

The Committee bill would deny the President's request for \$1.5 billion to complete the last Seawolf submarine (SSN-23), but would add \$1.0 billion for various submarine-construction projects -- without procuring a single ship. The submarine-construction projects designed by the Committee would threaten preservation of the submarine industrial base, an important goal of the Administration's planned Seawolf program.

Technology Reinvestment Project

The Administration strongly opposes the Committee's termination of the Technology Reinvestment Project. This is a critical program for harnessing leading-edge technology from the commercial sector for national defense. The Administration urges the House to restore funding for this program.

Additional Concerns

The Administration opposes the Committee's termination of, or sharp reduction in funding for, other programs key to America's future. The bill would almost cut in half funding for the Nunn-Lugar program -- our most cost-effective way of reducing the threat of weapons of mass destruction in the former Soviet Union and preventing their proliferation. Finally, the bill would unwisely reduce funding for environmental, disaster relief, humanitarian, and energy management programs. The Administration urges the House to restore funding for these programs to the requested levels.



July 27, 1995 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

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(HR 2126)
DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

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The Administration does not support the Committee's 602(b) allocations, nor the level of funding in the Committee bill, which is \$7.8 billion above the President's request. By providing increases for defense programs that are neither warranted nor justified, the bill would also seriously undermine the President's goal of providing a balanced budget while increasing investment programs essential to a higher standard of living for all Americans. As reflected in his Budget, the President firmly believes that we can maintain a strong defense without sacrificing critical investments. The Committee's allocation raises serious concerns about the overall priorities reflected in the appropriations process and the President will not support the bill unless those concerns are addressed.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

July 27, 1995
(House Rules) (SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

(HR 2127)

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. In FY 1996 alone, the President's budget proposes to reduce discretionary spending by cutting \$5 billion in outlays from the FY 1995 level. However, the Administration does not share the priorities reflected in the Committee's mark or support the level of funding adopted in the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. The Committee bill is over \$12 billion below the President's request.

The President strongly believes that we must invest in our country's future by supporting education and training. Investments in these areas will promote long-term economic growth and higher living standards. The Committee bill would imprudently cut valuable, proven programs that educate our Nation's children, aid the disadvantaged, invest in working people, and protect our Nation's health and safety. Many of the programs funded in this bill are aimed at protecting and aiding the most vulnerable in our society. Reductions proposed by the Committee would have a particularly harmful effect on our Nation's children, our youth, and the disadvantaged by cutting funding for numerous education programs, training programs, the Corporation for National and Community Service, and mental health and substance abuse prevention and treatment demonstration grants.

For these reasons, discussed more fully below, the President would veto the bill if it were presented to him in its current form.

Cutting Programs for Pre-School Children

The Administration strongly opposes the Committee's reduction in the Head Start program. This program plays a vital role in preparing disadvantaged young children for school; its expansion should be continued, not reversed. The President would add \$400 million and 32,000 new slots to the Head Start program in FY 1996. The Committee, in contrast, would reduce funding by \$137 million below the FY 1995 level (\$537 million below the President's request). If program quality were to be maintained at such a reduced level, the Committee action would cut between 45,000 and 50,000 children from the program. The Administration strongly urges the House to provide FY 1996 funding at the level requested by the President.

Cutting Programs for Education and Training

The Administration is committed to ensuring adequate funding for key education programs that help average Americans build a better future for themselves and their families. More than ever before in our Nation's history, what you earn depends on what you learn. Yet, the Committee would reduce the President's request for education programs by \$5 billion. The Committee's recommended overall funding level is \$4 billion, or 16 percent, below the FY 1995 enacted level. The President is committed to investing in our children's education. The Committee has systematically targeted those key programs designed to serve our Nation's youth for the most debilitating cuts. The Committee would reduce -- by 30 percent below the President's request -- the Administration's highest priority programs, programs that focus on improving student achievement in our Nation's elementary and secondary schools.

These draconian reductions would be achieved through the termination of critical education programs. The Committee's ill-advised decision to terminate funding for Goals 2000 would set back State-based efforts to improve learning for all students and to build a more competitive workforce. Drastic reductions in other programs, including Education for the Disadvantaged and Safe and Drug Free Schools, are unacceptable. These reductions are short-sighted and would have a devastating effect on our Nation's future.

The Administration strongly opposes the Committee's elimination of the Summer Youth Employment and Training Program. The Committee's action would eliminate the opportunity for 615,000 disadvantaged youth per year to acquire valuable job experience and learn essential job skills. As the President noted when he signed H.R. 1944, the Administration continues to support the program and will work with Congress in the FY 1996 appropriations process to ensure that the program for the summer of 1996 is funded.

The Committee bill would drastically reduce the President's request for the Department of Labor's youth job training programs and the bipartisan school-to-work initiative -- by 46 percent, or \$1.3 billion. At a time when it is more evident than ever that America's youth are not receiving enough opportunities to acquire the job skills necessary to succeed in today's economy, these reductions are unacceptable.

At a time of increased workforce anxiety and major labor market dislocations, the Committee bill would impose unacceptably large reductions in resources to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. The bill would reduce funding for dislocated workers and disadvantaged adults by \$545 million, or 25 percent, below the FY 1995 comparable level. The bill would cut \$1.4 billion, or 46 percent, from the President's request and would deny training and reemployment services to about 506,100 dislocated workers and 84,000 low-income adults. While corporate and military downsizing continues to displace hard-working Americans, shrinking these critical services is unconscionable.

The Administration strongly opposes the House Committee's reduction of \$94 million for the Corporation for National and Community Service (CNCS) programs funded in this appropriations bill. The Committee would cut the Volunteers in Service to America program (VISTA) by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Committee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the House to provide the funding level requested in the President's budget.

Cutting Programs That Protect Our Nation's Health

The Administration opposes the provision in the Committee bill that would prohibit funding of the Surgeon General position. This micromanagement of the Executive Branch would severely curtail the leadership that the public has traditionally looked to for guidance on personal and societal health issues. The Administration urges the House to remove this provision.

The Administration is concerned that the Committee mark for programs funded under the Ryan White CARE Act is \$67 million less than the \$723 million request. The funding level proposed by the President represents the minimum amount necessary to maintain funding for the 42 cities already receiving Ryan White assistance; to fund the seven to ten new cities expected to qualify for Ryan White assistance in FY 1996; and to provide sufficient funding to keep up with increasing AIDS caseloads in States, cities, and local clinics currently receiving Ryan White grants.

The Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested by the Director of NIH in the President's budget. Unlike research on other diseases, HIV research is spread among all of the institutes and centers of NIH, rather than being focused essentially in one institute. By failing to provide a single appropriation, the Congress makes less explicit its intentions regarding funding to fight the disease that is now the leading cause of death for people aged 25 to 44. The current single appropriation helps target NIH research dollars effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

Cutting Programs for Individuals with Disabilities

The Administration is very concerned about the significant reductions made by the Committee in programs for individuals with disabilities. While allowing funding for direct services to remain essentially intact, the Committee bill would systematically reduce or eliminate funds available for research, demonstration, training, and technical assistance programs focusing on individuals with disabilities and would phase out the Federal appropriation for the National Council on Disability. These programs provide essential support for the State direct service programs and help the Administration and the Congress understand and respond to disability issues.

Family Planning and Abortion

The President believes that abortion should be safe, legal, and rare. The Committee bill effectively ends the Family Planning Program that Republicans and Democrats have long agreed is needed to help prevent the need for abortion. The Administration opposes this action.

The Administration strongly opposes the provision of the Committee bill that would change existing law by allowing States to deny Medicaid funding for abortions for victims of rape and incest. The provision that the Committee has approved would prevent poor women from having access to abortion services even in situations where they are victims of rape or incest. This change in the law would unfairly target the most vulnerable poor women and their families. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest and urges the House to delete this provision.

Striker Replacement

The Administration strongly opposes a provision of the Committee bill that would prohibit the Executive Branch from using FY 1996 funds to implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal

contracts with companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

Prohibition on Political Advocacy

The Committee has included a provision, "Prohibition on the Use of Federal Funds for Political Advocacy," that presents a broad attack upon the exercise of fundamental rights protected by the First Amendment. Congress may, under some circumstances, restrict the uses to which Federal monies are put; however, insofar as this provision forecloses the exercise of protected rights with other than Federal funds, it would be deemed a penalty for that exercise and thus would be unconstitutional. It would limit the ability of organizations to participate in administrative or judicial proceedings and appearances before State and local entities. In addition, it is now widely agreed that much is to be gained when private organizations and charities work in partnership with the government to implement social policies. The House is urged to delete this provision.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Department of Education

- o Goals 2000. The Administration strongly opposes the Committee's proposed termination of Goals 2000. The President has requested \$750 million in FY 1996 for Goals 2000, which would essentially double the size of the program. At this funding level, Goals 2000 would raise academic standards in 48 states and 16,000 schools. The Committee would eliminate this program entirely. Raising academic standards provides a necessary framework for improving all aspects of education.
- o Title I -- Education for the Disadvantaged. The Administration opposes the Committee mark, which would reduce funding for the Title I Grants to Local Educational Agencies Program by \$1.1 billion, cutting as many as 1.1 million children from the program. The President has requested \$7 billion for this program, an increase over the FY 1995 enacted level of \$302 million. This funding level would assist States in raising the academic achievement of 6.4 million disadvantaged children.
- o Safe and Drug-Free Schools and Communities. The Administration opposes the Committee mark, which would reduce this program by 60 percent -- to \$200 million. This action would deprive over 23 million students services in FY 1996 alone. The Committee proposal is a 57-percent reduction from the FY 1995 post-rescission funding level. The President has requested \$500 million in FY 1996 for this program to combat violence and drug use in 97 percent of school districts (over 14,000) serving 39 million students. The Administration also opposes the Committee's decision to strike funding for a key crime prevention program, the Family and Community Endeavor Schools program.

- o School-to-Work (Departments of Labor and Education). The Administration opposes the Committee mark, which would reduce funding for School-to-Work to \$190 million, or less than half of the Administration's request. The President has requested \$400 million (split between Labor and Education), a 60 percent increase over the FY 1995 comparable level, to finance a third wave of temporary, seed capital grants. This initiative supports States building school-to-work systems with one-year planning and five-year implementation grants. Once these systems are in place, the program will sunset. The Committee mark would seriously hamper the efforts of 28 States to complete their reforms started in FYs 1994 and 1995. Twenty-two States would be denied the chance to implement their reform plans to raise student skills.
- o Vocational and Adult Education. The President has requested \$1.6 billion for the vocational education, adult education, and family literacy programs. The Administration opposes the Committee mark, which would reduce funding for these programs to \$1.2 billion. A reduction of \$325 million from the FY 1995 enacted level would adversely affect over 3.1 million students nationally and would eliminate adult education services to over 125,000 adults who need to improve their basic and literacy skills in order to succeed in their roles as workers, citizens, and parents.
- o Federal Direct Student Loan Program. The Student Loan Reform Act (SLRA) of 1993 provided \$550 million in mandatory funds in FY 1996 for the administration of the direct student loan program and the transition from the guaranteed student loan program to direct loans. The Administration opposes the Committee mark, which would reduce this funding to \$320 million -- an amount insufficient to administer the direct loan program under the Committee's direction that \$160 million of those funds must be available for payments to guaranty agencies in the guaranteed loan program. This action would stop the growth of cost-effective, efficient direct lending in order to keep providing unnecessary payments to banks, State agencies, and secondary markets.
- o Student Financial Assistance Programs. The President has proposed to increase the Pell grant maximum award to \$2,620, which is \$280 over the FY 1995 level of \$2,340. The Administration is concerned that the Committee has increased the maximum by only \$100, to \$2,440. Furthermore, the Administration is deeply concerned that the Committee's minimum award proposal

would eliminate approximately 300,000 students from the program who would receive awards of between \$400 and \$600 under the President's proposal.

- o Educational Technology. The President has requested \$122 million in FY 1996 for four educational technology programs. The Administration opposes the Committee's action that would provide only \$25 million for this program, funding only the K-12 Technology Learning Challenge program. This funding level would significantly limit efforts to create new private-public partnerships to raise student achievement through advanced technology. The elimination of three technology programs would reduce learning opportunities for educationally and economically disadvantaged students.
- o Eisenhower Professional Development and Technical Assistance Centers. The President has requested \$785 million in FY 1996 to train teachers to help students achieve high academic standards in 90 percent of all school districts. The Administration opposes the Committee's action that would eliminate this program and, instead, appropriate a reduced funding level of \$500 million in anticipation of the passage of a block grant proposal currently under consideration in the Economic and Educational Opportunities Committee, with unclear performance standards and accountability structures. In addition, the Administration opposes the elimination of funds for the comprehensive technical assistance centers for improving elementary and secondary education programs. The President has requested \$55 million in FY 1996 for 15 consolidated centers that will provide training and assistance to States, school districts, and schools in upgrading all aspects of education.
- o Education for Children with Disabilities. The President has requested \$254 million, the FY 1995 enacted level, to support several research, demonstration, training, and technical assistance activities that assist State efforts to serve children with disabilities in the least restrictive educational environments. The Administration opposes the Committee's action that would reduce funding for these programs by \$162 million, or 64 percent, by eliminating such programs as grants for early childhood education, innovation and development grants, and training personnel for the education of children with disabilities.

- o Bilingual and Immigrant Education. The President has requested \$200 million for Bilingual Education and \$100 million for Immigrant Education. The Administration opposes the Committee mark, which would reduce funding for Bilingual Education by almost 75 percent, to \$53 million, and reduce the amount available for Immigrant Education by 50 percent, to \$50 million. The combined Committee funding of \$103 million is a 50-percent reduction from the FY 1995 enacted level. This would severely reduce instructional services for over 700,000 limited-English-speaking children and adults. School districts that are heavily impacted by recently arrived immigrant students would also be adversely affected.
- o Howard University. The Administration opposes the Committee mark of \$170 million, which is \$26 million, or 13 percent, below the Administration's request. Such a large decrease in one year would cause immediate and major layoffs of approximately 500 faculty and administrative staff. Since the university has already taken decisive action during FYs 1994, 1995 to balance its budget by eliminating nearly 400 staff positions, further reductions in staff levels would be difficult to achieve without harming the overall quality of undergraduate and graduate education. The Administration is also concerned that the bill would eliminate earmarks for strengthening endowment and research efforts, a counterproductive move in light of a mutual goal to help Howard University plan for future financial independence.
- o Advisory Councils. The Administration is concerned that the Committee bill would prohibit the funding of certain advisory boards, including the President's Board of Advisors on Historically Black Colleges and Universities, the President's Advisory Commission on Educational Excellence for Hispanic Americans, the National Board of the Fund for the Improvement of Postsecondary Education, and the Historically Black Colleges and Universities Capital Financing Board.
- o Gender Discrimination. The Administration objects to the unprecedented provision of the Committee bill that would halt the Department of Education's enforcement of Title IX's prohibition on gender discrimination in intercollegiate athletics until the Department's Office for Civil Rights issues certain guidance in that area. The Department has already committed to issuing updated policy guidance in this area by clarifying existing guidance, describing what steps colleges and

universities should take to comply with Title IX. That guidance will be issued by the beginning of the fall semester. The provision in the bill is unwarranted micromangement and should be deleted.

- o Staffing Levels. The Administration opposes the provision in Section 305 of the bill that would prohibit the Department from hiring staff "if such hiring would increase on-board employment." The Federal Workforce Restructuring Act (FWRA) already imposes limits on Federal employment. The President must have the authority to manage within those strict limits. As long as the FWRA limits are met, agencies should have the authority and flexibility to manage employment to best meet program needs within appropriated funding levels. An on-board employment ceiling is a particularly arbitrary constraint because it ignores seasonal employment fluctuations and full-time/part-time employment mixes. It was for this reason that the Federal Employees Part-Time Career Employment Act of 1978 required the use of the full-time equivalent employment measure in the management of Federal employment.

Department of Labor

- o Enforcing Worker Protection Laws and Improving the Workplace. The Administration opposes the Committee's reductions to agencies and programs that, among other things, strive to ensure that workers have safe and healthy working environments, protect their pensions, and meet the challenges of the global economy. Overall, the funding provided by the bill is approximately 20 percent below the President's request for these important activities. The Committee level includes major reductions to the Occupational Safety and Health Administration's enforcement activity (cut by one-third), the Mine Safety and Health Administration, and to programs that enforce wage and hour laws and promote affirmative action among Federal contractors. The Committee also proposes virtual elimination of the Bureau of International Labor Affairs, which helps our Nation compete in the global marketplace, and the Office of the American Workplace, which helps companies evolve into high performance workplaces. The Administration urges the House to restore funding for these programs.
- o One-Stop Career Centers. The Administration is concerned with the Committee's funding level of \$100 million -- half the President's request -- for this important, system-building investment. At the

Committee's level, only two or three States would receive new implementation grants in FY 1996, and the second- and third- year funding levels for the 14-15 States that received awards in FY 1994 and FY 1995 would be reduced. Production of enhanced labor market information products and services that will help people find jobs more efficiently would be postponed. In addition, the \$89 million cut from the FY 1995 level in the Employment Service would undermine the States' One-Stop system-building efforts.

- o Job Corps. The Committee's mark for Job Corps is \$107 million below the President's request. The Administration urges full funding of Job Corps. Without this funding, the long-term expansion plans would be severely undercut and several existing centers would likely have to be closed. The Committee's mark would mean that thousands fewer disadvantaged youth would have the opportunity to learn necessary basic education and job skills than would be the case under the President's request.
- o Unemployment Insurance Administration. The Administration is concerned that the Committee freezes the program at the FY 1995 level, cutting \$156 million from the President's request. This level of funding could result in delays in benefit payments as well as increased errors in benefit payments and tax collections, adversely affecting trust fund balances. States might also lay off staff or close local offices in an effort to cut costs.
- o Bureau of Labor Statistics. The Administration opposes the Committee's mark, which is a \$29 million, or eight-percent reduction to the President's request. The reduction would undercut the Bureau's ongoing efforts to improve its existing data series and would certainly require program reductions in several data series, such as the SIC and SOC revision, Emerging Labor Market Data, or Local Area Wage Surveys. Given the bipartisan support for improved statistical measures of the Nation's economy, the House is urged to fund the Bureau's activities fully.
- o OSHA Regulations. The Committee bill would prevent OSHA from developing or issuing any proposed or final ergonomics protection standards or guidelines and would require OSHA to change its fall protection standard. The Administration objects to congressional micromanagement of workplace safety standards. The fall protection standard was developed after careful consideration of scientific evidence. OSHA should not

be prevented from continuing its work related to issuing a proposed rule to address work-related musculoskeletal injuries, which have increased an estimated seven times in the last ten years. The bill would also prohibit recordkeeping and reporting requirements directly related to ergonomic-related injuries or illnesses. The Administration objects to Congressional interference in the collection of data, treating one type of illness differently than others.

- o Child Labor Regulations. The Committee has included language that restricts the Department of Labor's efforts to protect the Nation's working minors. The language would limit the ability of the Department to implement and enforce both Hazardous Orders #12 and #2 on minor's use of paper balers and motor vehicles, respectively. The Administration urges the House to delete this provision.
- o Davis-Bacon Helpers. The Committee did not include language requested by the Administration that would prohibit the Department of Labor from implementing the Davis-Bacon helper regulation. The Administration urges the House to restore this provision to allow the Department time to rework the helper regulation to insure the continuation of viable apprenticeship programs on Federal construction projects.
- o Economically Targeted Investments. The Administration objects to language that the Committee has included that would prevent the Department of Labor from promoting economically targeted investments or even providing pension plans with information about such investment alternatives. Economically targeted investments provide collateral benefits to communities without sacrificing either investment safety or financial return for pension plan participants. This language is objectionable because it places an unwarranted restriction on the Department's responsibility to interpret and enforce pension law.

Department of Health and Human Services

- o AIDS Education and Training Centers (ETCs). The Administration is concerned that the Committee eliminates funding for AIDS Education and Training Centers, which help train tens of thousands of health professionals about constantly evolving HIV care and treatment procedures. The President's budget includes \$16 million for AIDS ETCs, the same level as in FY 1995.

- o Substance Abuse and Mental Health Services Administration (SAMHSA). The Administration is very concerned about the Committee's \$456 million (25-percent) reduction to the President's request for total SAMHSA funding. The Administration notes that the overall funding for SAMHSA's demonstration and training grants is reduced from \$566 million to \$202 million, a \$364 million, or 64 percent, decrease from the FY 1996 President's request. This reduction would seriously undermine the National Drug Control Strategy and jeopardize substance abuse treatment and prevention and mental health services for tens of thousands of pregnant women, high risk youths, and other underserved Americans. It would also erode SAMHSA's ability to improve service delivery, ensure quality standards, and educate consumers and providers of services. Reductions from the President's request in substance abuse treatment funding alone would result in 40,000 fewer persons being treated.

- o SAMHSA - Homeless Services. The Administration is concerned about the Committee's elimination of the Projects for Assistance in Transition From Homelessness (PATH) formula grant program. These grants provide drug treatment and mental health services to the homeless, who are particularly vulnerable to substance abuse and mental health problems. An estimated one-third of the people living on America's streets and in shelters have severe mental illness, and another one-third suffer from substance abuse problems. Over 127,000 individuals would no longer receive services if this program were eliminated.

- o Health Immigration Initiative. The Committee has failed to fund the President's immigration initiative for Medicaid, withholding Federal financial assistance to the seven States most heavily affected by illegal immigration. The President's proposal would provide \$150 million in FY 1996 to help States pay for their share of the Medicaid costs of providing emergency medical services for undocumented aliens.

- o Crime Prevention. The Committee would eliminate practically all of the Administration for Families and Children's (ACF's) violent crime reduction funding, providing only \$800 thousand of the President's requested \$105 million. The violent crime prevention programs are needed to help complement law enforcement activities with crime prevention. Programs approved in last year's Crime Bill that would be eliminated by the Committee are prevention grants for runaway and homeless street youth at risk of sexual abuse, grants

for battered women's shelters, and a community economic investment partnership fund to stimulate business opportunities in low-income areas. The Administration also opposes the Committee's decision to strike funding for the Community Schools program.

- o Administration on Aging (AOA). The Committee would eliminate seven of 12 AOA programs and reduce the funding for all but one. Total funding would be reduced by \$119 million (or 13 percent) below the President's request of \$897 million. Funding for AOA's two primary nutrition programs, which includes funding for Meals on Wheels, which provide meals for over five million older Americans, was cut back by \$23 million, or 5 percent. At the Committee's funding level, nearly 12 million fewer meals would be reimbursed. In addition, funding for programs that provide supportive services for the elderly, many of whom are at risk of being institutionalized, is reduced by over \$15 million, and similar funding for Native Americans is reduced by over \$2 million.
- o Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate LIHEAP entirely in FY 1996, ending heating and cooling assistance to between five and six million low-income families. Approximately 30 percent of the households receiving LIHEAP benefits have at least one elderly member and at least 20 percent have one disabled member. The President's request would maintain LIHEAP at the FY 1995 level and provide resources for LIHEAP's emergency fund in FY 1996 using the existing FY 1995 emergency fund balance.
- o Child Care and Development Block Grant (CCDBG). The Committee has not funded the President's request for a \$114 million increase above the FY 1995 level in the Child Care and Development Block Grant. The CCDBG provides child care assistance to low-income families who need child care to remain in the workforce and off welfare. The Committee funds the program at the FY 1995 level and eliminates two programs, totaling \$14 million, that are proposed for consolidation under CCDBG in the President's Budget.
- o Community Services Programs. The Committee would eliminate the \$20 million in grants to States for homeless services while maintaining \$39 million in direct Federal grants. The Administration urges the House to devolve more power to the States for these programs by ending direct Federal grants rather than cutting grants to the States to assist homeless people.

The President has proposed to terminate the \$12 million National Youth Sports program, but the Committee would continue this program at the expense of other, much more vulnerable populations.

- o Other ACF Children and Families Services Programs. The Committee proposes significant reductions below the President's request in ACF services programs. The Committee would eliminate the Community-Based Resource Centers Program, which supports vital child abuse and neglect prevention activities in local communities, the Runaway and Homeless Youth preventive drug activities (\$14 million) and Youth Gang Substance Abuse (\$11 million). The Committee would reduce Abandoned Infants Assistance, Adoption Opportunities, and Temporary Child Care and Crisis Nurseries (\$6 million); and Native American Programs (\$3 million). The Committee would also reduce Developmental Disabilities programs by \$45 million, or more than one-third.

Other Independent Agencies:

- o Social Security Administration (SSA). The Committee provides SSA with \$5.9 billion, \$0.3 billion less than the President's request of \$6.2 billion. The Committee reduces the President's request for the Automation Investment Fund by \$129 million, a reduction of 36 percent -- from \$357 million to \$228 million -- in the FY 1996 portion of this priority, multi-year investment. SSA's automation investment is critical to ensuring continued quality in the delivery of basic services like claims processing for the elderly and disabled. Only by replacing aging terminals and antiquated 1970s-style systems with new technology in all 1,400 field offices can SSA increase the productivity of a smaller workforce. Funding to date (through FY 1995) pays for new equipment in just over 40 percent of SSA's field offices. The funding level proposed by the Committee would allow SSA to equip only another 25 percent of its offices.

The Committee reduces the President's request for the Disability Investment Fund by \$127 million. This represents a reduction of 24 percent, from \$534 million to \$407 million. Such a reduction would slow SSA's efforts to reduce the backlogs in initial disability claims and in hearings on disability appeals. These cuts would make it more difficult to ensure that persons with severe disabilities begin to receive Supplemental Security Income and Social Security

Disability Insurance payments in a timely manner, and, persons who are no longer severely disabled but are still on the rolls are reevaluated.

The Committee strikes the language in the President's request that would require that not less than \$215 million shall be available to conduct continuing disability reviews (CDRs). The Administration believes that this language is critical to ensuring that a sufficient number of CDRs are conducted to enhance the integrity of both the Supplemental Security Income and Disability Insurance programs.

- o Railroad Retirement Board (RRB). The Committee provides the RRB Inspector General (IG) with \$5.1 million, nearly 25 percent (\$1.6 million) less than the President's request. This level apparently reflects the Committee's desire that the RRB IG devote less effort to Medicare fraud investigation. The Administration believes that, as long as the RRB retains independent Medicare contracting authority, the RRB IG should be funded to continue Medicare investigations.

- o Corporation for National and Community Service (CNCS). The Administration opposes the House Committee's reduction of \$94 million for the CNCS programs financed in this appropriation. This is 36 percent below the President's request of \$263 million for these National Service activities. These activities include: Volunteers in Service to America (VISTA); the Retired Senior Volunteer Program (RSVP); the Foster Grandparent Program (FGP); and the Senior Companion Program (SCP).

The Committee level would cut the VISTA program by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Committee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration opposes reductions to National Service activities and urges the House to provide the funding level requested in the President's budget.

- o National Labor Relations Board (NLRB). The Committee reduces funding for the NLRB by \$53 million (30 percent) below the FY 1995 level, and \$58 million (nearly one-third) below the FY 1996 request. This would paralyze the NLRB's ability to enforce the National Labor Relations Act (NLRA) and protect

employers and workers from unfair labor practices. In addition, the Committee has included language that restricts the agency's flexibility to use certain powers granted to it by the NLRA to effect justice in the workplace. The Administration objects to such arbitrary limitations on the agency's operations and urges the House to restore funding for this important workplace protection agency.

- o Corporation for Public Broadcasting (CPB). Public broadcasting television and radio stations, led by CPB, are in the process of creating a more efficient, cost-effective, and healthy future public broadcasting system. The Administration supports funding for the CPB at a level consistent with the President's request. This level would provide the restructuring funds needed to achieve system-wide savings in the future.
- o National Council on Disability. The Committee would reduce the President's request of \$1.8 million for the National Council on Disability to \$1.4 million, 22 percent below the FY 1995 enacted level. The Committee, in report language, indicates its intention to eliminate Federal support for the Council by FY 1998. The Council is in a unique position to provide independent, objective information to the Congress and the Administration about the impact of existing or proposed Federal policies on people with disabilities.
- o National Education Goals Panel (NEGP). The Administration opposes the Committee mark, which would eliminate funding for the National Education Goals Panel. The President requested \$2.8 million in FY 1996 for NEGP, which plays an integral role in improving schools by charting our Nation's progress toward achieving the National Education Goals. The bipartisan Panel, with the membership of Governors, Senators, Congressmen, State legislators, and others, represents true education partnership designed to mobilize the Nation toward increasing student achievement.

Other Provisions:

- o General Provision -- Section 509. The Administration is concerned that the intent of section 509 is not clear. For example, some might read it as precluding any transfers permanently authorized by prior appropriation bills. Others might interpret it as ending efficient bill collecting procedures enacted in the 1993 general provisions. This section's intent



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

September 26, 1995 (SENT
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsors: Hatfield (R), Oregon; Specter (R), Pennsylvania)

This Statement of Administration Policy provides the Administration's views on H.R. 2127, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs, a number of which are included in this bill, that are essential to economic growth and a higher standard of living for all Americans. The Administration does not support the level of funding assumed by the House or Senate Committee 602(b) allocations and urges the Congress to direct more funds to programs in this bill. The Administration supports reducing spending but does not share the priorities reflected in the Committee bill, which is over \$10 billion below the President's request.

Many of the programs funded in this bill are aimed at protecting and aiding the most vulnerable in our society. While the Committee has restored some funding for these programs relative to the House, reductions proposed by the Committee would have a particularly harmful effect on our Nation's children, our youth, and the disadvantaged by cutting funding for numerous education programs, including Goals 2000, and for training programs, including summer jobs for low-income youth.

For these reasons, discussed more fully below, the President would veto the bill if it were presented to him as reported by the Committee.

Cutting Programs for Pre-School Children

The Administration strongly opposes the Committee's reduction in the Head Start program. This program plays a vital role in preparing disadvantaged young children for school; its expansion should be continued, not reversed. The President would add \$400 million and 32,000 new slots to the Head Start program in FY 1996. The Committee, in contrast, would reduce funding by \$133 million below the FY 1995 level (\$533 million below the President's request). If program quality were to be maintained at such a reduced level, the Committee action would cut between 45,000 and 50,000 children from the program. The Administration strongly urges the Senate to provide FY 1996 funding at the level requested by the President.

Cutting Education Programs

The Administration is pleased that the Committee has supported an increased overall funding level for the Department of Education beyond the levels included in the House bill. Continued support for key programs in the Department of Education is essential for the future growth of our country. However, even with the Committee's increases, the bill would reduce spending for Education programs by \$3.5 billion below the President's request. Many key programs would be cut below the FY 1995 levels and still further below the levels that the Nation's needs call for.

The Administration strongly opposes the Committee's decision to reduce funding for Education programs, including Goals 2000, Title I (Education for the Disadvantaged), and Safe and Drug-free Schools and Communities, by \$1.5 billion below the FY 1995 level. At the Committee levels, thousands of schools would not get Federal aid to help them develop educational reforms to improve academic achievement for all students. More than 650,000 children from some of our poorest communities would be denied the assistance they need to benefit from educational reforms and challenging academic standards. And, millions of children would be deprived of the opportunity to learn in safe, drug-free schools.

Cutting Programs for Training

The Administration strongly opposes the Committee's elimination of separate funding for the Summer Youth Employment and Training Program. The Committee's action would eliminate the opportunity for as many as 600,000 disadvantaged youth per year to acquire valuable job experience and learn essential job skills. As the President noted when he signed H.R. 1944, the Administration strongly supports this program and will work with the Congress to ensure that the program for the summer of 1996 is funded adequately in the FY 1996 appropriations process.

The Administration is pleased that the Committee has provided modest restorations of the House's drastic reductions to the President's request for the Department of Labor's youth job training programs and the bipartisan school-to-work initiative. Nevertheless, the Committee action would reduce youth training funding (including the Department of Education share of School-to-Work) by 42 percent, or \$1.2 billion. Especially when it is more evident than ever that America's youth are not receiving enough opportunities to acquire the job skills necessary to succeed in today's economy, these reductions are unacceptable.

At a time of increased workforce anxiety and major labor market dislocations, the Committee bill would impose unacceptably large reductions in resources to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. The bill would reduce funding for dislocated workers and disadvantaged adults financed under the Job Training Partnership Act and for One-Stops by \$604 million, or 26 percent, below the FY 1995 comparable level. The bill would cut \$1.6 billion, or 48 percent, from the President's request and would deny training and reemployment services to 486,000 dislocated workers and 107,000 low-income adults. While corporate and military downsizing continues to displace hard-working Americans, shrinking these critical services is unconscionable.

Cutting Programs That Help Our Communities

The Administration strongly opposes the Committee's \$62 million reduction below the request for the Corporation for National and Community Service programs funded in this bill. The Committee would cut the Volunteers in Service to America (VISTA) program by 27 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide. The Committee level also would deny nearly 125,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the Senate to provide funding at the requested level.

Cutting Programs That Protect Our Nation's Health

The Administration is concerned that the Committee's mark for programs funded under the Ryan White CARE Act is \$67 million less than the \$723 million request. The funding level proposed by the President for the Ryan White program represents the minimum amount necessary to maintain funding for current and expected grantees while keeping up with increasing AIDS caseloads in States, cities, and local clinics currently receiving Ryan White grants. The Administration is pleased that the Committee has restored \$8 million of the \$16 million requested in FY 1996 for the AIDS Education and Training Centers (ETCs). The Administration urges the Senate to provide funding at the requested level.

The Administration is concerned that the Committee has not provided adequate funding for research supported by the National Institutes of Health (NIH) and urges the Senate to fund NIH at the President's request. The Administration appreciates the Committee's action to preserve the specific appropriation for NIH's Office of AIDS Research as requested by the Director of NIH in the President's budget.

The Administration objects to the Committee's proposed rescission of \$53 million for childhood immunization programs, as well as to the \$14 million reduction from the President's requested level for FY 1996. States have documented their need for these funds to purchase vaccines. Providing less than the level appropriated in FY 1995 or the amount requested in FY 1996 could impede accomplishment of our shared goal of immunizing a greater percentage of America's children.

The Administration is very concerned about the Committee's \$374 million (17-percent) reduction to the President's request for funding of the Substance Abuse and Mental Health Services Administration (SAMHSA). Although the Committee has increased funding for mental health and substance abuse demonstration programs by \$212 million above the House level, the money for that restoration has come out of the substance abuse and mental health block grants, as well as from a transfer of \$200 million from the Department of Education's Safe and Drug Free Schools program. The Administration is pleased that the Committee mark restores funding for much of the drug treatment and mental health services program for the homeless. However, the overall 17-percent reduction in SAMHSA funding would seriously undermine substance abuse and mental health services and the National Drug Control Strategy.

Programs for Individuals with Disabilities

The Administration supports the Committee's action that would restore funds available for research, demonstration, training, and technical assistance programs focusing on individuals with disabilities. These programs provide essential support for the State direct service programs and help the Administration and the Congress understand and respond to disability issues.

Abortion

The Administration is pleased that the Committee has deleted objectionable language of the House bill that would change existing law by allowing States to deny Medicaid funding for abortions for victims of rape and incest. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest. Likewise, the Administration is pleased that the Committee has deleted objectionable House language concerning private accreditation standards for medical residency programs.

Striker Replacement

The Administration strongly opposes a provision of the Committee bill that would prohibit the Executive Branch from using FY 1996 funds to implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal contracts with companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

Other Language Provisions

The Administration supports the Committee's decision to delete many of the objectionable language provisions included in the House bill, including the political advocacy provision. Many of these riders would seriously impinge upon the Executive Branch's flexibility to manage programs and should not be included in an appropriations bill.

The Administration is pleased that the Committee has removed a provision contained in the House bill that would prohibit funding of the Surgeon General position. The Administration supports the Committee in its recognition of the value of the leadership on personal and societal health issues that the Surgeon General provides our Nation.

Additional Administration concerns are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE SENATE APPROPRIATIONS COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Department of Education

- o Goals 2000. The Administration strongly opposes the level of funding provided by the Committee for Goals 2000. The President has requested \$750 million in FY 1996 for Goals 2000, which would essentially double the size of the program. At this funding level, Goals 2000 would help 48 states raise academic standards and help directly fund as many as 17,000 schools. In FY 1995, requests in local applications for Goals 2000 funds exceeded available money by 200 to 600 percent, depending on the State. The Senate funding level would further reduce the program and severely hamper school reform efforts nationwide. Raising academic standards provides a necessary framework for improving all aspects of education.
- o Title I -- Education for the Disadvantaged. The Administration opposes the Committee mark, which would reduce funding for the Title I Grants to Local Educational Agencies Program by \$679 million, cutting as many as 650,000 children from the program. The President has requested \$7 billion for this program, an increase over the FY 1995 enacted level of \$302 million. This funding level would assist States in raising the academic achievement of 6.4 million disadvantaged children.
- o Safe and Drug-Free Schools and Communities. The Administration opposes the Committee mark, which would reduce this program by 60 percent. This action would deprive over 23 million students of drug and violence prevention services in our nation's schools in FY 1996 alone. While the Committee provides \$400 million under this program, the Committee has directed that \$200 million be transferred to the Substance Abuse and Mental Health Services Administration within the Department of Health and Human Services, leaving only \$200 million to serve over 14,000 school districts. The Administration does not believe that this is the most effective use of these funds. The President has requested \$500 million in FY 1996 for this program to combat violence and drug use in 97 percent of school

districts (over 14,000) serving 39 million students. The Administration also opposes the Committee's decision to strike funding for a key crime prevention program, the Family and Community Endeavor Schools program.

- o School-to-Work (Departments of Labor and Education). The Administration opposes the Committee mark, which would straightline funding for School-to-Work at the FY 1995 post-rescission level. The President has requested \$400 million (split evenly between Labor and Education), a 60-percent increase over the FY 1995 comparable level, to finance a third wave of temporary, seed capital grants. This initiative supports States building school-to-work systems with planning and five-year implementation grants. Once these systems are in place, the program will sunset. The Committee mark would seriously hamper the efforts of up to 27 States to complete their reforms that were started in FYs 1994 and 1995. Remaining States could be denied the chance to implement their reform plans to raise student skills.
- o Vocational and Adult Education. The President has requested \$1.6 billion for the vocational education, adult education, and family literacy programs. The Administration opposes the Committee mark, which would reduce funding for these programs to \$1.3 billion. This reduction of \$109 million from the FY 1995 enacted level would adversely affect over one million students nationally and would eliminate adult education services to over 42,000 adults who need to improve their basic and literacy skills in order to succeed in their roles as workers, citizens, and parents.
- o Federal Direct Student Loan Program. The Student Loan Reform Act (SLRA) of 1993 provided \$550 million in mandatory funds in FY 1996 for the administration of the direct student loan program and the transition from the guaranteed student loan program to direct loans. The Administration understands that the Committee mark of \$378 million represents CBO's estimate of the baseline for this activity only if the congressional budget resolution's directive to CBO to bias direct student loan scoring were enacted into law.

In the absence of such legislation, this \$378 million would not be adequate. An acceptable amount in the absence of a change in law would be \$462 million. The Committee compounds the problem by including language in the bill that would prevent the Secretary from

exercising his authority to draw down administrative funds from future years. The Senate is urged to delete this legislative provision, which the Congress provided to ensure adequate administrative funding.

- o Student Financial Assistance Programs. The President has proposed to increase the Pell grant maximum award to \$2,620, which is \$280 over the FY 1995 level of \$2,340. The Administration is concerned that the Committee has increased the maximum by only \$100, to \$2,440. The Senate approach would serve 114,000 fewer students in FY 1996 than the President's proposal.
- o Educational Technology. The President has requested \$122 million in FY 1996 for four educational technology programs. The Administration opposes the Committee's action that would provide \$57 million for these programs. This funding level would seriously reduce learning opportunities for all children, and especially for educationally and economically disadvantaged students. In particular, the Administration is deeply concerned with the Committee's action that would reduce funding to \$15 million for the K-12 technology learning challenge program. This funding level would significantly limit efforts to create new private-public partnerships to raise student achievement through advanced technology.
- o Eisenhower Professional Development and Technical Assistance Centers. The President has requested \$735 million in FY 1996 to help States train teachers to help students achieve high academic standards in 90 percent of all school districts. The Administration opposes the Committee's action that would provide only \$275 million for this program, a 65-percent reduction from the President's request. In addition, the Administration opposes the reduction of funds for the comprehensive technical assistance centers for improving elementary and secondary education programs to \$22 million. The President has requested \$55 million in FY 1996 for 15 consolidated centers that will provide training and assistance to States, school districts, and schools in upgrading all aspects of education.
- o Education for Children with Disabilities. The President has requested \$254 million, the FY 1995 enacted level, to support several research, demonstration, training, and technical assistance activities that assist State efforts to serve children with disabilities in the least restrictive educational environments. The Administration supports the Committee's action that would restore \$153 million in funding for these programs, which were proposed for

reduction by the House, for a total of \$245 million. The House mark of \$92 million, in contrast, would eliminate such programs as grants for early childhood education, innovation and development grants, and training personnel for the education of children with disabilities.

- o Bilingual and Immigrant Education. The President has requested \$200 million for Bilingual Education and \$100 million for Immigrant Education. The Administration opposes the Committee mark, which would reduce funding for Bilingual Education by almost 40 percent, to \$123 million, and reduce the amount available for Immigrant Education by 50 percent, to \$50 million. The combined Committee funding of \$173 million is a 16-percent reduction from the FY 1995 post-rescission enacted level. This would severely reduce instructional services for over 700,000 limited-English-speaking children and adults. School districts that are heavily impacted by recently arrived immigrant students would be adversely affected.
- o Howard University. The Administration opposes the Committee mark of \$182 million, which is \$26 million, or seven percent, below the Administration's request. Such a large decrease in one year would cause immediate and major layoffs of faculty and administrative staff. Since the university has already taken decisive action during FYs 1994 and 1995 to balance its budget by eliminating nearly 400 staff positions, further reductions in staff levels would be difficult to achieve without harming the overall quality of undergraduate and graduate education.
- o Advisory Councils. The Administration is pleased that the Committee has deleted provisions of the House bill that would prohibit the funding of certain advisory boards, including the President's Board of Advisors on Historically Black Colleges and Universities, the President's Advisory Commission on Educational Excellence for Hispanic Americans, the National Board of the Fund for the Improvement of Postsecondary Education, and the Historically Black Colleges and Universities Capital Financing Board.
- o Gender Discrimination. The Administration is pleased that the Committee has deleted the provision of the House bill that would halt the Department of Education's enforcement of Title IX's prohibition on gender discrimination in intercollegiate athletics until the Department's Office for Civil Rights issues certain guidance in that area.

Hiring Levels. The Administration is pleased that the Committee has deleted the provision of the House bill that would prohibit the Department of Education from hiring staff "if such hiring would increase on-board employment." The Federal Workforce Restructuring Act (FWRA) already imposes limits on federal employment. The President must have the authority to manage within those strict limits. As long as the FWRA limits are met, agencies should have the authority and flexibility to manage employment to meet program needs in the most efficient manner within appropriated funding levels. An on-board employment ceiling is a particularly arbitrary constraint because it ignores seasonal employment fluctuations and full-time/part-time employment mixes. It was for this reason that the Federal Employees Part-Time Career Employment Act of 1978 required the use of the full-time equivalent employment measure in the management of federal employment.

Labor

Enforcing Worker Protection Laws and Improving the Workplace. The Administration appreciates the Committee's action to restore some funding for Department of Labor agencies that enforce safety and health and workplace laws as well as for the National Labor Relations Board. While the additions for some agencies are substantial, most programs still are funded at least five percent below the FY 1995 level and well below the President's request. The Administration urges the Senate to increase funding for these programs that protect workers' lives, their possessions, and their rights on the job.

One-Stop Career Centers. The Administration is disappointed with the Committee's funding level of \$92 million -- less than half the President's request -- for this important, system-building investment. At the committee level, only two or three States would receive implementation grants in FY 1996, and the second- and third-year funding levels for the 14-15 States that received awards in FY 1994 and FY 1995 would be reduced. Production of enhanced labor market information products and services that will help people find jobs more efficiently would be postponed. In addition, the \$98 million cut from the FY 1995 level in the Employment Service would undermine the States' One-Stop system-building efforts.

Job Corps. The Committee's mark for Job Corps is \$134 million below the President's request. The Administration urges full funding of Job Corps. Without this funding, the long-term expansion plans

would be severely undercut, and several existing centers likely would have to be closed. The Committee mark would mean that thousands fewer disadvantaged youth would have the opportunity to learn necessary basic education and job skills than would be the case under the President's request.

- o Unemployment Insurance Administration. The Administration is concerned that the Committee freezes the program at the FY 1995 level, cutting \$156 million from the President's request. This level of funding could result in delays in benefit payments as well as increased errors in benefit payments and tax collections, adversely affecting trust fund balances. States might also lay off staff or close local offices in an effort to cut costs.
- o Bureau of Labor Statistics. While the Administration is pleased that the Committee has provided the requested level for the revision of the Consumer Price Index, the Administration opposes the Committee's mark, which is a \$46 million, or 12-percent, reduction to the President's request. The reduction would undercut the Bureau's ongoing efforts to improve its existing data series and would require program reductions or eliminations in several data series, such as Import-Export prices or Occupational Employment Statistics. Given the bipartisan support for improved statistical measures of the Nation's economy, the Senate is urged to fund the Bureau's activities fully.
- o Community Service Employment for Older Americans. The Administration opposes the Committee's reduction to Title V of the Older Americans' Act, the Senior Community Service Employment program. The reduction of \$46 million (11.6 percent) below the FY 1995 level would provide almost 7,600 fewer opportunities for the low-income elderly to be employed in community service organizations within their communities. The Administration urges the Senate to fund this program fully. In addition, financing the State grant portion of this program out of the Training and Employment Services (TES) Adult Training program would weaken training for older Americans as well as all adults. This action would effectively reduce adult job training funds under the Job Training Partnership Act by \$77 million.
- o Department of Labor Regulations. The Administration appreciates the Committee's deletion of provisions contained in the House-passed bill that would prevent the Department's regulatory agencies from developing, issuing, or enforcing certain regulations. The riders dropped by the Senate Committee include limitations

regarding an ergonomics protection standard, certain regulations protecting working minors, and language restricting the Department's ability to provide information on economically targeted investments. The Administration continues to object to congressional micromanagement of workplace safety and enforcement standards.

- o Davis-Bacon Helpers. The Committee has not included language requested by the Administration that would prohibit the Department of Labor from implementing the Davis-Bacon helper regulation. The Administration urges the Senate to restore this provision to allow the Department time to rework the helper regulation to insure the continuation of viable apprenticeship programs on Federal construction projects.

Department of Health and Human Services

- o Health Care Financing Administration (HCFA). We are concerned with the Committee's reduction in the Health Care Financing Administration's Program Management account. This account funds activities to ensure the integrity of the Medicare Trust Funds and Federal payments for Medicaid. Reductions in this account of the magnitude recommended by the Committee could jeopardize these activities.
- o Agency for Health Care Policy and Research (AHCPR). The Administration is concerned that the Senate Committee bill cuts the request for AHCPR by \$80 million in budget authority. This 56-percent reduction from the level requested by the President would severely impede AHCPR's ability to accomplish its mission of collecting health care data and supporting health services research.
- o Crime Prevention. The Committee-reported bill would eliminate approximately three-quarters of the proposed Administration for Families and Children's violent crime reduction funding. Programs that would not be funded include \$10 million in community economic partnership investment funds to stimulate business opportunities in low-income areas, \$72.5 million in grants for the Community Schools program.
- o Administration on Aging (AOA). The Committee would eliminate three of 12 AOA programs and reduce the funding for all but four. Total funding would be reduced by \$61 million (or seven percent) below the President's request of \$897 million. In addition,

funding for programs that provide supportive services for the elderly, many of whom are at risk of being institutionalized, would be reduced by over \$15 million.

- o Child Care and Development Block Grant (CCDBG). The Committee has not funded the President's request for a \$114 million increase above the FY 1995 level in the Child Care and Development Block Grant. The CCDBG provides child care assistance to low-income families who need child care to remain in the workforce and off welfare.

The Committee would fund the program at the FY 1995 level and eliminate two programs, totaling \$14 million, that are proposed for consolidation under CCDBG in the President's budget.

- o Community Services Programs. The Committee would eliminate the \$20 million in grants to States for homeless services while maintaining \$42 million in direct Federal grants. The President has proposed to terminate the \$12 million National Youth Sports program, but the Committee would continue this program at the expense of other, much more vulnerable populations.
- o Electronic Benefits Transfer (EBT) Task Force. The Administration objects to the elimination of funding, provided under the Administration for Children and Families, to help fund the Electronic Benefits Transfer (EBT) Task Force. The Task Force brings a government-wide perspective to the effort to ensure that Federal and State benefits are delivered, both to individuals who receive cash benefits and do not have bank accounts and those who receive food benefits, in the most efficient and cost-effective manner possible for both the Federal government and the States. The Senate is urged to restore funding for this program.
- o Other ACF Children and Families Services Programs. The Committee proposes significant reductions below the President's request in ACF services programs. The Committee would eliminate the Community-Based Resource Centers Program, which supports vital child abuse and neglect prevention activities in local communities, the Runaway and Homeless Youth preventive drug activities (\$14 million), and Youth Gang Substance Abuse (\$11 million). The Committee would reduce Abandoned Infants Assistance, Adoption Opportunities, and Temporary Child Care and Crisis Nurseries (\$6 million) and Native American Programs (\$3 million). The Committee would also reduce Developmental Disabilities programs by \$10 million.

- o Social Services Block Grant (SSBG). The Administration is concerned about the proposal contained in the Senate bill that would cut SSBG by 10 percent. The Administration understands that the proposal is similar to one that is already assumed by the budget resolution as part of the Senate Finance Committee's reconciliation savings target. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committee to replace the lost mandatory savings by making further cuts in programs assisting needy individuals.

Other Independent Agencies:

- o Social Security Administration (SSA). The Committee provides SSA with \$5.8 billion, \$0.4 billion less than the President's request of \$6.2 billion. The Committee bill would reduce the President's request for the Automation Investment Fund by \$190 million, from \$357 million to \$167 million. At the Committee's funding level, nearly half of SSA's field offices would be forced to operate with aging terminals and an antiquated 1970s-style system. This would sharply reduce the quality of service to the Nation's elderly. The Committee reduces the President's request for the Disability Investment Fund by \$127 million. This represents a reduction of 24 percent, from \$534 million to \$407 million. Such a reduction would slow SSA's efforts to reduce the backlogs in initial disability claims and in hearings on disability appeals. These cuts would make it more difficult to ensure that persons with severe disabilities begin to receive Supplemental Security Income and Social Security Disability Insurance payments in a timely manner, and, that persons who are no longer severely disabled but are still on the rolls are reevaluated.

The Committee strikes the language in the President's request that would require that not less than \$215 million shall be available to conduct continuing disability reviews (CDRs). The Administration believes that this language is critical to ensuring that a sufficient number of CDRs are conducted to enhance the integrity of both the Supplemental Security Income and Disability Insurance programs.

- o Corporation for Public Broadcasting (CPB). Public broadcasting television and radio stations, led by CPB, are in the process of creating a more efficient, cost-effective, and healthy future public broadcasting system. The Administration supports funding for the CPB at a level consistent with the President's request. This level would provide the restructuring funds needed to achieve system-wide savings in the future.

- o National Education Goals Panel (NEGP). The Administration opposes the Committee mark of \$1.0 million, which would provide less than half of the \$2.8 million requested for the National Education Goals Panel, which plays an integral role in improving schools by charting our Nation's progress toward achieving the National Education Goals. The bipartisan Panel, with the membership of Governors, Senators, Congressmen, State legislators, and others, represents true education partnership designed to mobilize the Nation toward increasing student achievement.

Other Provisions:

- o General Provision - Section 510. The Administration is concerned that the intent of section 510 of the Committee-reported bill is not clear. For example, some might read it as precluding any transfers permanently authorized by prior appropriation bills. Others might interpret it as ending efficient bill collecting procedures enacted in the FY 1993 general provisions. This section's intent needs to be made clear to preclude unintended effects and so it can be judged on its merits. Alternatively, the section could be deleted.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 2, 1995
(House Floor) (SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 2127, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. In FY 1996 alone, the President's budget proposes to reduce discretionary spending by cutting \$5 billion in outlays from the FY 1995 level. However, the Administration does not share the priorities reflected in the Committee's mark or support the level of funding adopted in the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. The Committee bill is over \$12 billion below the President's request.

The President strongly believes that we must invest in our country's future by supporting education and training. Investments in these areas will promote long-term economic growth and higher living standards. The Committee bill would imprudently cut valuable, proven programs that educate our Nation's children, aid the disadvantaged, invest in working people, and protect our Nation's health and safety. Many of the programs funded in this bill are aimed at protecting and aiding the most vulnerable in our society. Reductions proposed by the Committee would have a particularly harmful effect on our Nation's children, our youth, and the disadvantaged by cutting funding for numerous education programs, training programs, the Corporation for National and Community Service, and mental health and substance abuse prevention and treatment demonstration grants.

For these reasons, discussed more fully below, the President would veto the bill if it were presented to him in its current form.

Cutting Programs for Pre-School Children

The Administration strongly opposes the Committee's reduction in the Head Start program. This program plays a vital role in preparing disadvantaged young children for school; its expansion should be continued, not reversed. The President would add \$400 million and 32,000 new slots to the Head Start program in FY 1996. The Committee, in contrast, would reduce funding by \$137 million below the FY 1995 level (\$537 million below the President's request). If program quality were to be maintained at such a reduced level, the Committee action would cut between 45,000 and 50,000 children from the program. The Administration strongly urges the House to provide FY 1996 funding at the level requested by the President.

Cutting Programs for Education and Training

The Administration is committed to ensuring adequate funding for key education programs that help average Americans build a better future for themselves and their families. More than ever before in our Nation's history, what you earn depends on what you learn. Yet, the Committee would reduce the President's request for education programs by \$5 billion. The Committee's recommended overall funding level is \$4 billion, or 16 percent, below the FY 1995 enacted level. The President is committed to investing in our children's education. The Committee has systematically targeted those key programs designed to serve our Nation's youth for the most debilitating cuts. The Committee would reduce -- by 30 percent below the President's request -- the Administration's highest priority programs, programs that focus on improving student achievement in our Nation's elementary and secondary schools.

These draconian reductions would be achieved through the termination of critical education programs. The Committee's ill-advised decision to terminate funding for Goals 2000 would set back State-based efforts to improve learning for all students and to build a more competitive workforce. Drastic reductions in other programs, including Education for the Disadvantaged and Safe and Drug Free Schools, are unacceptable. These reductions are short-sighted and would have a devastating effect on our Nation's future.

The Administration strongly opposes the Committee's elimination of the Summer Youth Employment and Training Program. The Committee's action would eliminate the opportunity for 615,000 disadvantaged youth per year to acquire valuable job experience and learn essential job skills. The Administration continues to support the program and will work with Congress in the FY 1996 appropriations process to ensure that the program for the summer of 1996 is funded.

The Committee bill would drastically reduce the President's request for the Department of Labor's youth job training programs and the bipartisan school-to-work initiative -- by 46 percent, or \$1.3 billion. At a time when it is more evident than ever that America's youth are not receiving enough opportunities to acquire the job skills necessary to succeed in today's economy, these reductions are unacceptable.

At a time of increased workforce anxiety and major labor market dislocations, the Committee bill would impose unacceptably large reductions in resources to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. The bill would reduce funding for dislocated workers and disadvantaged adults by \$545 million, or 25 percent, below the FY 1995 comparable level. The bill would cut \$1.4 billion, or 46 percent, from the President's request and would deny training and reemployment services to about 506,100 dislocated workers and 84,000 low-income adults. While corporate and military downsizing continues to displace hard-working Americans, shrinking these critical services is unconscionable.

The Administration strongly opposes the House Committee's reduction of \$94 million for the Corporation for National and Community Service (CNCS) programs funded in this appropriations bill. The Committee would cut the Volunteers in Service to America program (VISTA) by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Committee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the House to provide the funding level requested in the President's budget.

Cutting Programs That Protect Our Nation's Health

The Administration opposes the provision in the Committee bill that would prohibit funding of the Surgeon General position. This micromanagement of the Executive Branch would severely curtail the leadership that the public has traditionally looked to for guidance on personal and societal health issues. The Administration urges the House to remove this provision.

The Administration is concerned that the Committee mark for programs funded under the Ryan White CARE Act is \$67 million less than the \$723 million request. The funding level proposed by the President represents the minimum amount necessary to maintain funding for the 42 cities already receiving Ryan White assistance; to fund the seven to ten new cities expected to qualify for Ryan White assistance in FY 1996; and to provide sufficient funding to keep up with increasing AIDS caseloads in States, cities, and local clinics currently receiving Ryan White grants.

The Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested by the Director of NIH in the President's budget. Unlike research on other diseases, HIV research is spread among all of the institutes and centers of NIH, rather than being focused essentially in one institute. By failing to provide a single appropriation, the Congress makes less explicit its intentions regarding funding to fight the disease that is now the leading cause of death for people aged 25 to 44. The current single appropriation helps target NIH research dollars effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

Cutting Programs for Individuals with Disabilities

The Administration is very concerned about the significant reductions made by the Committee in programs for individuals with disabilities. While allowing funding for direct services to remain essentially intact, the Committee bill would systematically reduce or eliminate funds available for research, demonstration, training, and technical assistance programs focusing on individuals with disabilities and would phase out the Federal appropriation for the National Council on Disability. These programs provide essential support for the State direct service programs and help the Administration and the Congress understand and respond to disability issues.

Family Planning and Abortion

The President believes that abortion should be safe, legal, and rare. The Committee bill would effectively end the Family Planning Program, which Republicans and Democrats have long agreed is instrumental in helping to prevent the need for abortion. The Administration opposes this action and would support the amendment to restore this funding.

The Administration strongly opposes the provision of the Committee bill that would change existing law by allowing States to deny Medicaid funding for abortions for victims of rape and incest. The provision that the Committee has approved would prevent poor women from having access to abortion services even in situations where they are victims of rape or incest. This change in the law would unfairly target the most vulnerable poor women and their families. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest and urges the House to delete this provision.

The Administration also opposes the provision in the Committee version of the bill that appears to be designed to discourage medical residency programs from conforming with certain accreditation standards regarding training in abortion procedures. This provision could have the effect of denying all

Federal funding or assistance to States that require medical residency programs to comply with these accreditation procedures. The Administration objects to this unwarranted intrusion into determinations made by private medical accreditation councils about appropriate standards for the training of doctors.

Striker Replacement

The Administration strongly opposes a provision of the Committee bill that would prohibit the Executive Branch from using FY 1996 funds to implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal contracts with companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

Prohibition on Political Advocacy

The Committee has included a provision, "Prohibition on the Use of Federal Funds for Political Advocacy," that presents a broad attack upon the exercise of fundamental rights protected by the First Amendment. Congress may, under some circumstances, restrict the uses to which Federal monies are put; however, insofar as this provision forecloses the exercise of protected rights with other than Federal funds, it would be deemed a penalty for that exercise and thus would be unconstitutional. It would limit the ability of organizations to participate in administrative or judicial proceedings and appearances before State and local entities. In addition, it is now widely agreed that much is to be gained when private organizations and charities work in partnership with the government to implement social policies. The House is urged to delete this provision.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS

H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Department of Education

- o Goals 2000. The Administration strongly opposes the Committee's proposed termination of Goals 2000. The President has requested \$750 million in FY 1996 for Goals 2000, which would essentially double the size of the program. At this funding level, Goals 2000 would raise academic standards in 48 states and 16,000 schools. The Committee would eliminate this program entirely. Raising academic standards provides a necessary framework for improving all aspects of education.
- o Title I -- Education for the Disadvantaged. The Administration opposes the Committee mark, which would reduce funding for the Title I Grants to Local Educational Agencies Program by \$1.1 billion, cutting as many as 1.1 million children from the program. The President has requested \$7 billion for this program, an increase over the FY 1995 enacted level of \$302 million. This funding level would assist States in raising the academic achievement of 6.4 million disadvantaged children.
- o Safe and Drug-Free Schools and Communities. The Administration opposes the Committee mark, which would reduce this program by 60 percent -- to \$200 million. This action would deprive over 23 million students services in FY 1996 alone. The Committee proposal is a 57-percent reduction from the FY 1995 post-rescission funding level. The President has requested \$500 million in FY 1996 for this program to combat violence and drug use in 97 percent of school districts (over 14,000) serving 39 million students. The Administration also opposes the Committee's decision to strike funding for a key crime prevention program, the Family and Community Endeavor Schools program.

- o School-to-Work (Departments of Labor and Education). The Administration opposes the Committee mark, which would reduce funding for School-to-Work to \$190 million, or less than half of the Administration's request. The President has requested \$400 million (split between Labor and Education), a 60 percent increase over the FY 1995 comparable level, to finance a third wave of temporary, seed capital grants. This initiative supports States building school-to-work systems with one-year planning and five-year implementation grants. Once these systems are in place, the program will sunset. The Committee mark would seriously hamper the efforts of 28 States to complete their reforms started in FYs 1994 and 1995. Twenty-two States would be denied the chance to implement their reform plans to raise student skills.
- o Vocational and Adult Education. The President has requested \$1.6 billion for the vocational education, adult education, and family literacy programs. The Administration opposes the Committee mark, which would reduce funding for these programs to \$1.2 billion. A reduction of \$325 million from the FY 1995 enacted level would adversely affect over 3.1 million students nationally and would eliminate adult education services to over 125,000 adults who need to improve their basic and literacy skills in order to succeed in their roles as workers, citizens, and parents.
- o Federal Direct Student Loan Program. The Student Loan Reform Act (SLRA) of 1993 provided \$550 million in mandatory funds in FY 1996 for the administration of the direct student loan program and the transition from the guaranteed student loan program to direct loans. The Administration opposes the Committee mark, which would reduce this funding to \$320 million -- an amount insufficient to administer the direct loan program under the Committee's direction that \$160 million of those funds must be available for payments to guaranty agencies in the guaranteed loan program. This action would stop the growth of cost-effective, efficient direct lending in order to keep providing unnecessary payments to banks, State agencies, and secondary markets.
- o Student Financial Assistance Programs. The President has proposed to increase the Pell grant maximum award to \$2,620, which is \$280 over the FY 1995 level of \$2,340. The Administration is concerned that the Committee has increased the maximum by only \$100, to \$2,440. Furthermore, the Administration is deeply concerned that the Committee's minimum award proposal

would eliminate approximately 300,000 students from the program who would receive awards of between \$400 and \$600 under the President's proposal.

- o Educational Technology. The President has requested \$122 million in FY 1996 for four educational technology programs. The Administration opposes the Committee's action that would provide only \$25 million for this program, funding only the K-12 Technology Learning Challenge program. This funding level would significantly limit efforts to create new private-public partnerships to raise student achievement through advanced technology. The elimination of three technology programs would reduce learning opportunities for educationally and economically disadvantaged students.
- o Eisenhower Professional Development and Technical Assistance Centers. The President has requested \$785 million in FY 1996 to train teachers to help students achieve high academic standards in 90 percent of all school districts. The Administration opposes the Committee's action that would eliminate this program and, instead, appropriate a reduced funding level of \$500 million in anticipation of the passage of a block grant proposal currently under consideration in the Economic and Educational Opportunities Committee, with unclear performance standards and accountability structures. In addition, the Administration opposes the elimination of funds for the comprehensive technical assistance centers for improving elementary and secondary education programs. The President has requested \$55 million in FY 1996 for 15 consolidated centers that will provide training and assistance to States, school districts, and schools in upgrading all aspects of education.
- o Education for Children with Disabilities. The President has requested \$254 million, the FY 1995 enacted level, to support several research, demonstration, training, and technical assistance activities that assist State efforts to serve children with disabilities in the least restrictive educational environments. The Administration opposes the Committee's action that would reduce funding for these programs by \$162 million, or 64 percent, by eliminating such programs as grants for early childhood education, innovation and development grants, and training personnel for the education of children with disabilities.

- o Bilingual and Immigrant Education. The President has requested \$200 million for Bilingual Education and \$100 million for Immigrant Education. The Administration opposes the Committee mark, which would reduce funding for Bilingual Education by almost 75 percent, to \$53 million, and reduce the amount available for Immigrant Education by 50 percent, to \$50 million. The combined Committee funding of \$103 million is a 50-percent reduction from the FY 1995 enacted level. This would severely reduce instructional services for over 700,000 limited-English-speaking children and adults. School districts that are heavily impacted by recently arrived immigrant students would also be adversely affected.
- o Howard University. The Administration opposes the Committee mark of \$170 million, which is \$26 million, or 13 percent, below the Administration's request. Such a large decrease in one year would cause immediate and major layoffs of approximately 500 faculty and administrative staff. Since the university has already taken decisive action during FYs 1994, 1995 to balance its budget by eliminating nearly 400 staff positions, further reductions in staff levels would be difficult to achieve without harming the overall quality of undergraduate and graduate education. The Administration is also concerned that the bill would eliminate earmarks for strengthening endowment and research efforts, a counterproductive move in light of a mutual goal to help Howard University plan for future financial independence.
- o Advisory Councils. The Administration is concerned that the Committee bill would prohibit the funding of certain advisory boards, including the President's Board of Advisors on Historically Black Colleges and Universities, the President's Advisory Commission on Educational Excellence for Hispanic Americans, the National Board of the Fund for the Improvement of Postsecondary Education, and the Historically Black Colleges and Universities Capital Financing Board.
- o Gender Discrimination. The Administration objects to the unprecedented provision of the Committee bill that would halt the Department of Education's enforcement of Title IX's prohibition on gender discrimination in intercollegiate athletics until the Department's Office for Civil Rights issues certain guidance in that area. The Department has already committed to issuing updated policy guidance in this area by clarifying existing guidance, describing what steps colleges and universities should take to comply with Title IX. That guidance will be issued by the beginning of the fall semester. The provision in the bill is unwarranted micromanagement and should be deleted.

- o Staffing Levels. The Administration opposes the provision in Section 305 of the bill that would prohibit the Department from hiring staff "if such hiring would increase on-board employment." The Federal Workforce Restructuring Act (FWRA) already imposes limits on Federal employment. The President must have the authority to manage within those strict limits. As long as the FWRA limits are met, agencies should have the authority and flexibility to manage employment to best meet program needs within appropriated funding levels. An on-board employment ceiling is a particularly arbitrary constraint because it ignores seasonal employment fluctuations and full-time/part-time employment mixes. It was for this reason that the Federal Employees Part-Time Career Employment Act of 1978 required the use of the full-time equivalent employment measure in the management of Federal employment.

Department of Labor

- o Enforcing Worker Protection Laws and Improving the Workplace. The Administration opposes the Committee's reductions to agencies and programs that, among other things, strive to ensure that workers have safe and healthy working environments, protect their pensions, and meet the challenges of the global economy. Overall, the funding provided by the bill is approximately 20 percent below the President's request for these important activities. The Committee level includes major reductions to the Occupational Safety and Health Administration's enforcement activity (cut by one-third), the Mine Safety and Health Administration, and to programs that enforce wage and hour laws and promote affirmative action among Federal contractors. The Committee also proposes virtual elimination of the Bureau of International Labor Affairs, which helps our Nation compete in the global marketplace, and the Office of the American Workplace, which helps companies evolve into high performance workplaces. The Administration urges the House to restore funding for these programs.
- o One-Stop Career Centers. The Administration is concerned with the Committee's funding level of \$100 million -- half the President's request -- for this important, system-building investment. At the Committee's level, only two or three States would receive new implementation grants in FY 1996, and the second- and third- year funding levels for the 14-15 States that received awards in FY 1994 and FY 1995 would be reduced. Production of enhanced labor market information products and services that will help people find jobs more efficiently would be postponed. In

addition, the \$89 million cut from the FY 1995 level in the Employment Service would undermine the States' One-Stop system-building efforts.

- o Job Corps. The Committee's mark for Job Corps is \$107 million below the President's request. The Administration urges full funding of Job Corps. Without this funding, the long-term expansion plans would be severely undercut and several existing centers would likely have to be closed. The Committee's mark would mean that thousands fewer disadvantaged youth would have the opportunity to learn necessary basic education and job skills than would be the case under the President's request.
- o Unemployment Insurance Administration. The Administration is concerned that the Committee freezes the program at the FY 1995 level, cutting \$156 million from the President's request. This level of funding could result in delays in benefit payments as well as increased errors in benefit payments and tax collections, adversely affecting trust fund balances. States might also lay off staff or close local offices in an effort to cut costs.
- o Bureau of Labor Statistics. The Administration opposes the Committee's mark, which is a \$29 million, or eight-percent reduction to the President's request. The reduction would undercut the Bureau's ongoing efforts to improve its existing data series and would certainly require program reductions in several data series, such as the SIC and SOC revision, Emerging Labor Market Data, or Local Area Wage Surveys. Given the bipartisan support for improved statistical measures of the Nation's economy, the House is urged to fund the Bureau's activities fully.
- o Community Service Employment for Older Americans. The Administration opposes the Committee's reduction to Title V of the Older Americans' Act, the Senior Community Service Employment program. The reduction of \$46 million (11.6 percent) below the FY 1995 level would provide almost 8,000 fewer opportunities for the low-income elderly to be employed in community service organizations within their communities. We urge the House to fully fund this program. In addition, we urge that House to include language that has been included in the bill for the past several years that would specify the amounts appropriated for grants to the States and for grants or contracts with public agencies and public or private nonprofit organizations.

- OSHA Regulations. The Committee bill would prevent OSHA from developing or issuing any proposed or final ergonomics protection standards or guidelines and would require OSHA to change its fall protection standard. The Administration objects to congressional micromanagement of workplace safety standards. The fall protection standard was developed after careful consideration of scientific evidence. OSHA should not be prevented from continuing its work related to issuing a proposed rule to address work-related musculoskeletal injuries, which have increased an estimated seven times in the last ten years. The bill would also prohibit recordkeeping and reporting requirements directly related to ergonomic-related injuries or illnesses. The Administration objects to Congressional interference in the collection of data, treating one type of illness differently than others.
- Child Labor Regulations. The Committee has included language that restricts the Department of Labor's efforts to protect the Nation's working minors. The language would limit the ability of the Department to implement and enforce both Hazardous Orders #12 and #2 on minor's use of paper balers and motor vehicles, respectively. The Administration urges the House to delete this provision.
- Davis-Bacon Helpers. The Committee did not include language requested by the Administration that would prohibit the Department of Labor from implementing the Davis-Bacon helper regulation. The Administration urges the House to restore this provision to allow the Department time to rework the helper regulation to insure the continuation of viable apprenticeship programs on Federal construction projects.
- Economically Targeted Investments. The Administration objects to language that the Committee has included that would prevent the Department of Labor from promoting economically targeted investments or even providing pension plans with information about such investment alternatives. Economically targeted investments provide collateral benefits to communities without sacrificing either investment safety or financial return for pension plan participants. This language is objectionable because it places an unwarranted restriction on the Department's responsibility to interpret and enforce pension law.

Department of Health and Human Services

- o AIDS Education and Training Centers (ETCs). The Administration is concerned that the Committee eliminates funding for AIDS Education and Training Centers, which help train tens of thousands of health professionals about constantly evolving HIV care and treatment procedures. The President's budget includes \$16 million for AIDS ETCs, the same level as in FY 1995.
- o Substance Abuse and Mental Health Services Administration (SAMHSA). The Administration is very concerned about the Committee's \$456 million (25-percent) reduction to the President's request for total SAMHSA funding. The Administration notes that the overall funding for SAMHSA's demonstration and training grants is reduced from \$566 million to \$202 million, a \$364 million, or 64 percent, decrease from the FY 1996 President's request. This reduction would seriously undermine the National Drug Control Strategy and jeopardize substance abuse treatment and prevention and mental health services for tens of thousands of pregnant women, high risk youths, and other underserved Americans. It would also erode SAMHSA's ability to improve service delivery, ensure quality standards, and educate consumers and providers of services. Reductions from the President's request in substance abuse treatment funding alone would result in 40,000 fewer persons being treated.
- o SAMHSA - Homeless Services. The Administration is concerned about the Committee's elimination of the Projects for Assistance in Transition From Homelessness (PATH) formula grant program. These grants provide drug treatment and mental health services to the homeless, who are particularly vulnerable to substance abuse and mental health problems. An estimated one-third of the people living on America's streets and in shelters have severe mental illness, and another one-third suffer from substance abuse problems. Over 127,000 individuals would no longer receive services if this program were eliminated.
- o Health Immigration Initiative. The Committee has failed to fund the President's immigration initiative for Medicaid, withholding Federal financial assistance to the seven States most heavily affected by illegal immigration. The President's proposal would provide \$150 million in FY 1996 to help States pay for their share of the Medicaid costs of providing emergency medical services for undocumented aliens.

- o Crime Prevention. The Committee would eliminate practically all of the Administration for Families and Children's (ACF's) violent crime reduction funding, providing only \$800 thousand of the President's requested \$105 million. The violent crime prevention programs are needed to help complement law enforcement activities with crime prevention. Programs approved in last year's Crime Bill that would be eliminated by the Committee are prevention grants for runaway and homeless street youth at risk of sexual abuse, grants for battered women's shelters, and a community economic investment partnership fund to stimulate business opportunities in low-income areas. The Administration also opposes the Committee's decision to strike funding for the Community Schools program.

- o Administration on Aging (AOA). The Committee would eliminate seven of 12 AOA programs and reduce the funding for all but one. Total funding would be reduced by \$119 million (or 13 percent) below the President's request of \$897 million. Funding for AOA's two primary nutrition programs, which includes funding for Meals on Wheels, which provide meals for over five million older Americans, was cut back by \$23 million, or 5 percent. At the Committee's funding level, nearly 12 million fewer meals would be reimbursed. In addition, funding for programs that provide supportive services for the elderly, many of whom are at risk of being institutionalized, is reduced by over \$15 million, and similar funding for Native Americans is reduced by over \$2 million.

- o Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate LIHEAP entirely in FY 1996, ending heating and cooling assistance to between five and six million low-income families. Approximately 30 percent of the households receiving LIHEAP benefits have at least one elderly member and at least 20 percent have one disabled member. The President's request would maintain LIHEAP at the FY 1995 level and provide resources for LIHEAP's emergency fund in FY 1996 using the existing FY 1995 emergency fund balance.

- o Child Care and Development Block Grant (CCDBG). The Committee has not funded the President's request for a \$114 million increase above the FY 1995 level in the Child Care and Development Block Grant. The CCDBG provides child care assistance to low-income families who need child care to remain in the workforce and off welfare. The Committee funds the program at the FY 1995 level and eliminates two programs, totaling \$14 million, that are proposed for consolidation under CCDBG in the President's Budget.

- o Community Services Programs. The Committee would eliminate the \$20 million in grants to States for homeless services while maintaining \$39 million in direct Federal grants. The Administration urges the House to devolve more power to the States for these programs by ending direct Federal grants rather than cutting grants to the States to assist homeless people. The President has proposed to terminate the \$12 million National Youth Sports program, but the Committee would continue this program at the expense of other, much more vulnerable populations.
- o Other ACF Children and Families Services Programs. The Committee proposes significant reductions below the President's request in ACF services programs. The Committee would eliminate the Community-Based Resource Centers Program, which supports vital child abuse and neglect prevention activities in local communities, the Runaway and Homeless Youth preventive drug activities (\$14 million) and Youth Gang Substance Abuse (\$11 million). The Committee would reduce Abandoned Infants Assistance, Adoption Opportunities, and Temporary Child Care and Crisis Nurseries (\$6 million); and Native American Programs (\$3 million). The Committee would also reduce Developmental Disabilities programs by \$45 million, or more than one-third.

Other Independent Agencies:

- o Social Security Administration (SSA). The Committee provides SSA with \$5.9 billion, \$0.3 billion less than the President's request of \$6.2 billion. The Committee reduces the President's request for the Automatic Investment Fund by \$129 million, a reduction of 36 percent -- from \$357 million to \$228 million -- in the FY 1996 portion of this priority, multi-year investment. SSA's automation investment is critical to ensuring continued quality in the delivery of basic services like claims processing for the elderly and disabled. Only by replacing aging terminals and antiquated 1970s-style systems with new technology in all 1,400 field offices can SSA increase the productivity of a smaller workforce. Funding to date (through FY 1995) pays for new equipment in just over 40 percent of SSA's field offices. The funding level proposed by the Committee would allow SSA to equip only another 25 percent of its offices.

The Committee reduces the President's request for the Disability Investment Fund by \$127 million. This represents a reduction of 24 percent, from \$534 million to \$407 million. Such a reduction would slow SSA's efforts to reduce the backlogs in initial disability claims and in hearings on disability appeals. These

cuts would make it more difficult to ensure that persons with severe disabilities begin to receive Supplemental Security Income and Social Security Disability Insurance payments in a timely manner, and, persons who are no longer severely disabled but are still on the rolls are reevaluated.

The Committee strikes the language in the President's request that would require that not less than \$215 million shall be available to conduct continuing disability reviews (CDRs). The Administration believes that this language is critical to ensuring that a sufficient number of CDRs are conducted to enhance the integrity of both the Supplemental Security Income and Disability Insurance programs.

- o Railroad Retirement Board (RRB). The Committee provides the RRB Inspector General (IG) with \$5.1 million, nearly 25 percent (\$1.6 million) less than the President's request. This level apparently reflects the Committee's desire that the RRB IG devote less effort to Medicare fraud investigation. The Administration believes that, as long as the RRB retains independent Medicare contracting authority, the RRB IG should be funded to continue Medicare investigations.
- o Corporation for National and Community Service (CNCS). The Administration opposes the House Committee's reduction of \$94 million for the CNCS programs financed in this appropriation. This is 36 percent below the President's request of \$263 million for these National Service activities. These activities include: Volunteers in Service to America (VISTA); the Retired Senior Volunteer Program (RSVP); the Foster Grandparent Program (FGP); and the Senior Companion Program (SCP).

The Committee level would cut the VISTA program by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Committee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration opposes reductions to National Service activities and urges the House to provide the funding level requested in the President's budget.

- o National Labor Relations Board (NLRB). The Committee reduces funding for the NLRB by \$53 million (30 percent) below the FY 1995 level, and \$58 million (nearly one-third) below the FY 1996 request. This would paralyze the NLRB's ability to enforce the

National Labor Relations Act (NLRA) and protect employers and workers from unfair labor practices. In addition, the Committee has included language that restricts the agency's flexibility to use certain powers granted to it by the NLRA to effect justice in the workplace. The Administration objects to such arbitrary limitations on the agency's operations and urges the House to restore funding for this important workplace protection agency.

- o Corporation for Public Broadcasting (CPB). Public broadcasting television and radio stations, led by CPB, are in the process of creating a more efficient, cost-effective, and healthy future public broadcasting system. The Administration supports funding for the CPB at a level consistent with the President's request. This level would provide the restructuring funds needed to achieve system-wide savings in the future.
- o National Council on Disability. The Committee would reduce the President's request of \$1.8 million for the National Council on Disability to \$1.4 million, 22 percent below the FY 1995 enacted level. The Committee, in report language, indicates its intention to eliminate Federal support for the Council by FY 1998. The Council is in a unique position to provide independent, objective information to the Congress and the Administration about the impact of existing or proposed Federal policies on people with disabilities.
- o National Education Goals Panel (NEGP). The Administration opposes the Committee mark, which would eliminate funding for the National Education Goals Panel. The President requested \$2.8 million in FY 1996 for NEGP, which plays an integral role in improving schools by charting our Nation's progress toward achieving the National Education Goals. The bipartisan Panel, with the membership of Governors, Senators, Congressmen, State legislators, and others, represents true education partnership designed to mobilize the Nation toward increasing student achievement.

Other Provisions:

- o General Provision -- Section 509. The Administration is concerned that the intent of section 509 is not clear. For example, some might read it as precluding any transfers permanently authorized by prior appropriation bills. Others might interpret it as ending efficient bill collecting procedures enacted in the 1993 general provisions. This section's intent needs to be made clear to preclude unintended effects and so it can be judged on its merits. Alternatively, the section could be deleted.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 11, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2405 - Omnibus Civilian Science Authorization Act of 1995
(Walker (R) PA and 4 cosponsors)

If H.R. 2405 were presented to the President in its current form, the Secretaries of Commerce and Energy, the EPA Administrator, the Director of the Office of Management and Budget and the President's Science Adviser would recommend that the bill be vetoed because of its unacceptably deep reductions in, and terminations of, Federal investments in science and technology.

This bill would reverse the past fifty years of unwavering, bipartisan commitment to U.S. leadership in science and technology. It would threaten economic growth, job creation, protection of the environment, national security, and improvements in the quality of life for all Americans.

H.R. 2405 would cut authorized FY 1996 appropriations for the Nation's civilian science and technology programs by more than \$3 billion below current levels and about \$3.3 billion below the President's FY 1996 Budget. The bill would effectively terminate the Advanced Technology Program. This Program promotes high-risk, long-term technology development with economic potential, and is essential to our country's competitiveness. H.R. 2405 would prohibit the use of funds for 42 programs, projects, and activities of the Department of Energy, including science education activities, laboratory technology transfer programs, and efforts to improve the safety of Soviet-designed nuclear reactors. H.R. 2405 would also prohibit the use of funds for EPA's environmental technology initiative and climate change action plan.

The prohibitions on the use of funds authorized by H.R. 2405 to "influence legislation pending before the Congress" except for certain "requests for legislation or appropriations" should be deleted. These overly broad prohibitions, if applied literally,

would inappropriately and unnecessarily limit the ability of departments and agencies to advise Congress and the public of their views on pending legislation. These provisions are especially troublesome insofar as they would purport to constrain the constitutional authority of the President to communicate his views, through subordinates, to Congress and the American people. (Sections 129, 254, 310, 455, 505, and 607)

Sections 237 and 309(a) would interfere with the President's constitutional authorities to conduct foreign affairs and should be deleted.

H.R. 2405 also contains numerous provisions that would significantly restrict effective and efficient management decisionmaking or impose excessively burdensome reporting requirements. These include sections 124, 132, 214, 252, 306, 307, 311, 312, and 503.

A further explanation of major objections to H.R. 2405 is contained in the Attachment.

Pay-As-You-Go Scoring

H.R. 2405 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go (PAYGO) requirements of the Omnibus Budget Reconciliation Act of 1990. The preliminary PAYGO estimate is being developed, but it could be several hundred million dollars in FY 1996. The major direct spending would result from the use of unobligated funds previously appropriated for the Clean Coal Technology Program for termination costs of certain Energy Department programs (section 312). The bill does not contain provisions to offset this increased deficit spending.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

October 19, 1995 (SENT)

(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2425 -- Medicare Preservation Act of 1995
(Rep. Archer (R) TX and eight others)

The Administration strongly opposes H.R. 2425 because it would make \$270 billion in unwarranted, excessive cuts in the Medicare program that will seriously harm the Nation's health care system and place an unfair burden on our senior citizens. For these reasons, if this legislation were presented to the President in its current form he would veto it.

H.R. 2425 would raise health care costs for beneficiaries and would enact the deepest cuts in health care provider payments in history, potentially forcing many rural and urban hospitals to close. It would also create incentives for physicians to refuse to take less healthy patients under the traditional Medicare program. Moreover, H.R. 2425, as reported by the committees, would invite Medicare fraud and abuse by relaxing critical rules that today outlaw kickbacks and that require providers to exercise due diligence in submitting accurate and true Medicare claims. We understand that the new base text includes language to address certain concerns with fraud and abuse provisions.

The Republican balanced-budget plan would extend the solvency of the Medicare Part A trust fund through 2006. However, the excessive cuts contained in H.R. 2425 are three times more than are necessary to restore trust fund solvency. The primary purpose of H.R. 2425 is to raid Medicare to pay for an excessive \$245 billion tax cut that goes predominantly for the wealthy.

By contrast, the President's balanced budget plan would achieve solvency until the end of FY 2006 without imposing new cost increases on senior citizens and with less than one-half the overall Medicare cuts.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 26, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2491. Budget Reconciliation Act of 1995
(Kasich (R) OH)

If this budget reconciliation legislation — with its extreme spending cuts and huge tax cuts flowing disproportionately to people who do not need them — were sent to the President in its current form, he would veto it. The reasons are set forth in the attached letter of October 18 from Alice M. Rivlin, Director of the Office of Management and Budget, to Chairmen Kasich and Solomon. Additional Administration concerns with H.R. 2517 are also attached.

**ADMINISTRATION CONCERNS WITH MODIFICATIONS TO THE HOUSE
RECONCILIATION BILL CONTAINED IN HR 2517**

HOUSE AGRICULTURE

The Administration is concerned with the new dairy provisions of HR 2517. The provisions would end both the milk price support program and all Federal milk marketing orders during FY 1996. Marketing orders enable dairy producers to share the burden and benefit of supplying the higher value but highly seasonal fluid milk market, thereby helping to ensure reliable fluid supplies for consumers. Without Federal marketing orders and price support, producers would face steep declines in farm income.

HOUSE COMMERCE

Medicaid

HR 2517 includes changes to the income and asset protections in the House bill. These modest improvements, however, will only help the much smaller group of low-income people who are fortunate enough to receive health coverage under the House block grant.

Furthermore, the Administration continues to oppose the elimination of Federal nursing home quality standards, even with the addition, in HR 2715, of loosely-defined State quality standards. Weak State-based assurances are an inadequate substitute for current law.

Medicare

Despite marginal changes, Medicare provisions of the reconciliation bill remain unacceptable to the administration.

HOUSE ECONOMIC AND EDUCATIONAL OPPORTUNITIES

The Administration supports the decision to drop the repeal of the Davis-Bacon Act. However, it continues to strongly oppose the repeal of the Service Contract Act, which remains in the bill.

HOUSE GOVERNMENT REFORM AND OVERSIGHT

Federal Government Employees

The Administration supports the decision to not include a proposal to prohibit the Office of Personnel Management from requiring certain benefits or levels of coverage of plans that participate in the Federal Employee Health Benefits (FEHB) program. However, other proposals still raise a number of concerns, as expressed in Director Rivlin's October 18th letter.

HOUSE INTERNATIONAL RELATIONS

Cuban Liberty and Democratic Solidarity Act

HR 2715 includes language identical to HR 927, the Cuban Liberty and Solidarity Act, as passed by the House on September 21. The Administration expressed its strong opposition to the bill in a statement to the House on September 20th. The bill would hinder the Administration's ability to assist in the transition to a democratic regime in Cuba. It would permit U.S. citizens seeking compensation for the expropriation of property to sue foreign governmental entities and citizens, causing serious foreign policy problems.

HOUSE RESOURCES

The Administration supports the decision to drop the controversial National Park Closure Commission and a provision capping Federal royalty rates for Trona (Soda Ash) from the bill.

HOUSE WAYS AND MEANS

The Administration objects to language in HR 2517 that would effectively require taxpayers to calculate their income tax liabilities twice. The double calculation would impose significant burdens and complexity on taxpayers.

The Administration is pleased that the objectionable provisions related to neutral cost recovery were deleted.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

October 18, 1995

Honorable Gerald B. H. Solomon
Chairman
Committee on Rules
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to transmit the Administration's views on the actions that the House will take to comply with budget reconciliation instructions.

You should have no doubt about the President's position: If reconciliation legislation were sent to him with the extreme spending cuts and huge tax cuts called for in the budget resolution, he would veto the bill. The President has stressed the importance of finding common ground with Congress on a budget plan that will best serve the interests of the American people.

As you know, the President shares the goal with congressional leaders of balancing the budget. But, as the President and his senior advisors have repeatedly noted, the Administration has profound differences with the overall approach that Congress has adopted to reach that goal:

- **The President's plan:** The plan, which the President announced in June, would protect Medicare until 2006 and retain Medicaid as an entitlement; invest in education and training and other priorities; and provide for a targeted tax cut to help middle-income Americans raise their children, save for the future, and pay for postsecondary education.

To reach balance within 10 years, the President would eliminate wasteful spending, streamline programs, and end unneeded subsidies; take the first, serious steps toward health care reform; reform welfare to reward work; cut non-defense discretionary spending (other than the President's investments) 22 percent in real terms in 2002; and target tax relief to those who really need it.

- **The Republican plan:** The Republican plan — as reflected in the committee's reconciliation provisions and earlier congressional budget actions — would reach balance in seven years, and, at the same time, provide a huge tax cut whose benefits would flow disproportionately to those who do not need them.

To reach balance under those circumstances, the Republican plan would cut deeply into such mandatory programs as Medicare, Medicaid, student loans, food stamps, and foster care, and would raise taxes on millions of working families by slashing the Earned Income Tax Credit (EITC). By extending the discretionary caps at GOP-proposed levels, the Republican plan would force deep cuts in virtually all discretionary programs, including education and training, science and technology, and other investments that would help raise average living standards.

The President believes strongly that, while his approach reflects the common ground that Americans share, the Republican plan reflects an extreme and unwise approach that will hurt average Americans and help special interests. He has repeatedly urged Congress to work with him on a more reasonable path that will help raise average living standards in the future.

The House Republican plan unduly burdens low- and middle-income Americans in order to finance tax cuts for the wealthy. In our recent analysis, we found that the proposed tax breaks for the wealthiest 5 percent of households would give them annual benefits of \$37 billion – almost as much as the plan cuts income and health coverage for all families with children. In fact, the 20 percent lowest-income families with children will each lose an average of over \$1,500 in income and nearly \$1,700 in health benefits. This is not shared sacrifice.

The Republican majority, however, has shown little inclination to move to a more responsible path. The Ways and Means and Commerce Committees, for instance, have passed deep, unwarranted cuts in Medicare that would raise costs for beneficiaries and sharply cut payments to providers, jeopardizing access to, and the quality of, care. In addition, Commerce would convert Medicaid into a block grant and limit its annual growth. The Urban Institute estimates that even if states could absorb half of the cuts by cutting services and provider payments, they would still have to drop coverage for 8.8 million people in fiscal 2002, including 6.3 million adults and children in families, 900,000 seniors, and 1.4 million people with disabilities. Furthermore, the Commerce Committee would end standards needed to protect residents of nursing homes, eliminate spousal impoverishment protection, and not ensure coverage for even the most vulnerable Americans – poor children under 18.

The Republican tax plan hurts working Americans. It would raise taxes on 14.5 million working families by cutting the Earned Income Tax Credit (EITC). It would cut foster care and other child programs and turn them into block grants, potentially denying benefits to needy children. And it would make unwise changes to pension fund asset reversions – making it easy for companies to withdraw "excess" pension assets for their own use – threatening the retirement benefits of workers and increasing the exposure of the Pension Benefit Guaranty Corporation, which guarantees these benefits.

We understand that the Republican majority will place the House-passed welfare reform bill in the reconciliation bill. When added to food program and EITC cuts, the total low-income cuts are excessive. For welfare reform to succeed, it must save money by moving people from welfare to work — not by cutting people off, which will cost taxpayers much more down the road, or by merely shifting costs to the states. The cost of excessive program cuts in human terms — to working families, families with small children, low-income immigrants, disabled children, and the elderly receiving Supplemental Security Income — would be grave. The Administration proposes a more acceptable level of cuts, coupled with strong programmatic reforms.

Other committees are making unwise cuts or other changes in programs that affect millions of students and their families, children, the poor of all ages, and the environment.

The Economic and Educational Opportunities Committee would raise college loan costs to middle- and low-income students and parents. In particular, the Committee would eliminate the successful Direct Student Loan program, thereby eliminating the 1,400 schools now participating in the program and more schools that have already applied to participate next year. These actions hurt middle- and low-income families, make the student loan programs less efficient, perpetuate unnecessary red tape and burden on schools, and deny to students and schools the free-market choice of guaranteed or direct loans.

As you know, the House Agriculture Committee did not meet its reconciliation instructions, demonstrating that the proposed level of cuts is too deep. At the same time, the Administration has serious concerns with the House Republican leadership's "Freedom to Farm" proposal to reach the savings target, particularly its effect on the federal safety net for family-sized farms.

The House proposal to dismantle the Commerce Department and create more units of government does not help to reinvent government. Quite the contrary, it will create more government with less efficiency. Commerce houses some of the President's highest-priority technology programs, which ensure the nation's future competitiveness and job growth, and has a strong record of helping businesses, workers, and communities to build a stronger economy. The Administration also opposes another aspect of the Commerce dismantlement — the artificial consolidation of now-independent trade promotion and financing agencies into a large trade bureaucracy.

The House Resources Committee would open the Arctic National Wildlife Refuge (ANWR) to oil and gas drilling, threatening a rare, pristine ecosystem, in hopes of generating \$1.3 billion in federal revenues — a revenue estimate based on wishful thinking and outdated analysis. Moreover, the potential for long-term damage to this biologically-rich wilderness is simply too great. The Administration, instead, supports efforts to protect the refuge's coastal plain permanently.

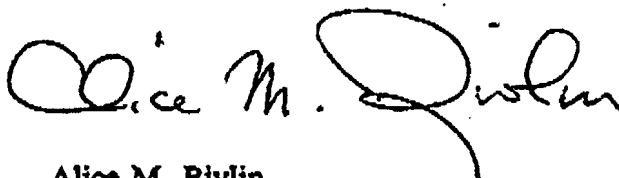
Already, the President has made it clear that he will veto any reconciliation bill that includes Medicare and Medicaid cuts of the size that the budget resolution calls for. Also, as I wrote to the House Resources Committee on September 21, the President will veto any reconciliation bill that opens ANWR to oil and gas drilling. But our serious concerns do not end with the specific veto threats that we have issued. For the wide array of reasons discussed in this letter, this bill remains unacceptable to the Administration and to the American people.

This nation was founded on the dream that all families should be given the opportunity to improve their lives and the future of their children. The Republican plan undermines that dream and promotes the wrong set of priorities for the nation.

Attached is a more detailed review of our concerns.

Although we have major differences with Congress at this point, we hope to work with you to find a common path to balance the budget in a way that will improve the standard of living of all Americans.

Sincerely,

A handwritten signature in black ink that reads "Alice M. Rivlin". The signature is fluid and cursive, with the first name "Alice" being the most prominent part.

Alice M. Rivlin
Director

Attachments

Identical letter sent to Honorable John Joseph Moakley,
Honorable John R. Kasich, and Honorable Martin O. Sabo



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 13, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2539 - ICC Termination Act of 1995
(Shuster (R) Pennsylvania and 3 cosponsors)

The Administration strongly supports the termination of the Interstate Commerce Commission (ICC), and has proposed legislation (H.R. 1436) for this purpose. Eliminating those elements of economic regulation that no longer enhance productivity and competitiveness is a primary Administration priority. However, renaming the ICC and moving its most burdensome regulatory elements to a new Federal entity, as H.R. 2539 would do, accomplishes no genuine deregulation. If H.R. 2539 were presented to the President in the form reported by the House Transportation and Infrastructure Committee, the Secretaries of Transportation and Labor would recommend that it be vetoed.

The Administration wants to work with Congress to craft legislation that truly abolishes the ICC and substantially reduces the regulatory burdens currently imposed on the transportation industry and the economy as a whole. Accordingly, the Administration urges that the bill be amended to:

- o Delete unilateral changes in rail labor protection provisions. The existing standards benefit rail management, labor, and the general public by enabling carriers to expeditiously eliminate inefficient operations and make other arrangements to improve service. Any changes to these arrangements should be accomplished through collective bargaining. In addition, rail employee protection provisions should be administered by the Department of Labor, which already administers several similar provisions, rather than by a new entity.

- o Eliminate the proposed Transportation Adjudication Panel. Rather than abolish all non-productive economic regulation currently performed by the ICC, H.R. 2539 simply re-establishes a smaller version of the ICC within the Department of Transportation to continue such regulation. This proposed new entity should not be created, and all of the ICC's existing, non-productive economic regulations affecting the trucking, intercity bus, household goods freight forwarder, broker, pipeline, interstate water carrier, interstate rail passenger, and ferry industries should be eliminated. As the Administration has proposed, enforcement of ICC regulations which continue to serve a useful purpose, such as protection of captive shippers, including many farmers, under the Staggers Act, should be transferred to the Department of Transportation, not a new entity.

- o Delete the extension of antitrust immunity for the railroad and motor-carrier industries. Consumers and rail and motor carriers should be permitted to benefit from the removal of unproductive economic regulatory burdens. This will not occur if rail and motor carriers are permitted to impose artificially high rates on consumers. Price-fixing is not tolerated in the economy as a whole, and should not be permitted in the rail and motor carrier industries.
- o Conform rail merger review standards to those which apply to other industries. Mergers in the railroad industry should be reviewed by the Department of Justice under the same standards which apply to other industries, rather than under a separate standard interpreted by a successor to the ICC.

The Administration supports provisions in H.R. 2539 that would reduce tariff filing requirements, reduce the basis for shipper under-charge complaints, and provide relief from some unnecessary regulatory requirements.

Pay-As-You-Go Scoring

H.R. 2539 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go (PAYGO) requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary estimate is the changes in both receipts and outlays would be less than \$500,000 a year. This estimate is subject to change.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 8, 1995 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2586 - Temporary Increase in the
Statutory Limit on the Public Debt
(Archer (R) TX)

The Administration has repeatedly urged Congress to promptly pass legislation that would raise the debt limit for a reasonable period of time, to protect the Nation's creditworthiness and avoid default. A government default has always been unthinkable, but H.R. 2586 would threaten a default on December 13. If H.R. 2586 were presented to the President in its current form, he would veto it.

As the President has clearly said, Congress should keep the debt limit separate from the ongoing debate over how to balance the budget.

The congressional majority itself has acknowledged the need to raise the debt limit. The congressional budget resolution calls for raising it to \$5.5 trillion, and the House voted to raise it to that level when it passed the reconciliation bill on October 26.

As the President has said, "the Republicans in Congress have resorted to extraordinary blackmail tactics to try to ram their program through. They have said they won't pass a bill letting the government pay its bills unless I accept their extreme and misguided budget priorities."

H.R. 2586 would threaten a government default after December 12 -- the day on which the debt limit increase in this legislation would expire -- for two reasons.

First, under H.R. 2586, on December 13, the debt limit would fall to \$4.8 trillion, an amount which is \$100 billion below the current level of \$4.9 trillion. The next day, more than \$44 billion in government securities mature, and we would be unable to borrow the funds needed to redeem them.

Second, H.R. 2586 would severely limit the cash management options that the Treasury may be able to exercise under current law to avert a default. Specifically, it would limit the Secretary's flexibility to manage the investments of the G-Fund and the Civil Service Retirement and Disability Fund -- flexibility which Congress first gave to President Reagan. In addition, it would make it highly likely that after December 12, the federal government would be unable to make full or timely payments for a wide variety of government obligations including interest on the public debt, Medicare, Medicaid, military pay, veterans benefits, payments to defense and other government contractors, federal civilian pay, tax refunds, the Earned Income Tax Credit, Supplemental Security Income and various other programs.

H.R. 2586 is designed to force the President to choose between an extreme congressional budget and a government default. The President will not accept this choice. He would veto H.R. 2586 if presented to him in its current form.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 9, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2586 - Temporary Increase in the
Statutory Limit on the Public Debt
(Archer (R) TX)

The Administration has repeatedly urged Congress to promptly pass legislation that would raise the debt limit for a reasonable period of time, to protect the Nation's creditworthiness and avoid default. A government default has always been unthinkable, but H.R. 2586 would threaten a default on December 13. If H.R. 2586 were presented to the President in its current form, he would veto it.

As the President has clearly said, Congress should keep the debt limit separate from the ongoing debate over how to balance the budget.

The congressional majority itself has acknowledged the need to raise the debt limit. The congressional budget resolution calls for raising it to \$5.5 trillion, and the House voted to raise it to that level when it passed the reconciliation bill on October 26.

As the President has said, "the Republicans in Congress have resorted to extraordinary blackmail tactics to try to ram their program through. They have said they won't pass a bill letting the government pay its bills unless I accept their extreme and misguided budget priorities."

H.R. 2586 would threaten a government default after December 12 -- the day on which the debt limit increase in this legislation would expire -- for two reasons.

First, under H.R. 2586, on December 13, the debt limit would fall to \$4.8 trillion, an amount which is \$100 billion below the current level of \$4.9 trillion. The next day, more than \$44 billion in government securities mature, and we would be unable to borrow the funds needed to redeem them.

Second, H.R. 2586 would severely limit the cash management options that the Treasury may be able to exercise under current law to avert a default. Specifically, it would limit the Secretary's flexibility to manage the investments of the G-Fund and the Civil Service Retirement and Disability Fund -- flexibility which Congress first gave to President Reagan. In addition, it would make it highly likely that after December 12, the federal government would be unable to make full or timely payments for a wide variety of government obligations including interest on the public debt, Medicare, Medicaid, military pay, veterans benefits, payments to defense and other government contractors, federal civilian pay, tax refunds, the Earned Income Tax Credit, Supplemental Security Income and various other programs.

The Administration also strongly opposes the addition of extraneous language to HR 2586 as made in order by the Rules Committee. The Administration has expressed its position on these matters -- and will continue to do so -- in the appropriate forum. A vital piece of legislation to maintain our nation's creditworthiness is not the right vehicle to consider these issues, meritorious or not. The Congress should pass a clean debt limit extension that the President can sign.

H.R. 2586 is designed to force the President to choose between an extreme congressional budget and a government default. The President will not accept this choice. He would veto H.R. 2586 if presented to him in its current form.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 9, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2586 - Temporary Increase in the
Statutory Limit on the Public Debt
(Archer (R) TX)

The Administration has repeatedly urged Congress to promptly pass legislation that would raise the debt limit for a reasonable period of time, to protect the Nation's creditworthiness and avoid default. A government default has always been unthinkable, but H.R. 2586 would threaten a default on December 13. If H.R. 2586 were presented to the President in its current form, he would veto it.

As the President has clearly said, Congress should keep the debt limit separate from the ongoing debate over how to balance the budget.

The congressional majority itself has acknowledged the need to raise the debt limit. The congressional budget resolution calls for raising it to \$5.5 trillion, and the Senate voted to raise it to that level when it passed the reconciliation bill on October 27.

As the President has said, "the Republicans in Congress have resorted to extraordinary blackmail tactics to try to ram their program through. They have said they won't pass a bill letting the government pay its bills unless I accept their extreme and misguided budget priorities."

H.R. 2586 would threaten a government default after December 12 -- the day on which the debt limit increase in this legislation would expire -- for two reasons.

First, under H.R. 2586, on December 13, the debt limit would fall to \$4.8 trillion, an amount which is \$100 billion below the current level of \$4.9 trillion. The next day, more than \$44 billion in government securities mature, and we would be unable to borrow the funds needed to redeem them.

Second, H.R. 2586 would severely limit the cash management options that the Treasury may be able to exercise under current law to avert a default. Specifically, it would limit the Secretary's flexibility to manage the investments of the G-Fund and the Civil Service Retirement and Disability Fund -- flexibility which Congress first gave to President Reagan. In addition, it would make it highly likely that after December 12, the federal

government would be unable to make full or timely payments for a wide variety of government obligations including interest on the public debt, Medicare, Medicaid, military pay, veterans benefits, payments to defense and other government contractors, federal civilian pay, tax refunds, the Earned Income Tax Credit, Supplemental Security Income and various other programs.

The Administration also strongly opposes the addition of extraneous language to HR 2586 as passed by the House. The Administration has expressed its position on these matters -- and will continue to do so -- in the appropriate forum. A vital piece of legislation to maintain our nation's creditworthiness is not the right vehicle to consider these issues, meritorious or not. The Congress should pass a clean debt limit extension that the President can sign.

H.R. 2586 is designed to force the President to choose between an extreme congressional budget and a government default. The President will not accept this choice. He would veto H.R. 2586 if presented to him in its current form.

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November 16, 1995 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2606 - Prohibition on the Use of Appropriated Funds
for Deployment of U.S. Forces to the Republic of Bosnia and
Herzegovina for Peacekeeping Operations
(Hefley (R) Colorado and 84 cosponsors)

The Administration strongly opposes H.R. 2606 because it would unacceptably restrict the President's ability to carry out his constitutional responsibilities as Commander-in-Chief and to conduct foreign policy. It could also derail the Bosnian peace process at a moment when we have the best opportunity since the war began of reaching a peaceful settlement to that tragic conflict. Passage of such a bill now, while negotiations continue in Dayton, Ohio, seriously undercuts the ability to work with the parties on obtaining a settlement and sends the message that the United States does not take seriously its role as leader of the peace process. For these reasons, if H.R. 2606 were presented to the President, the President's senior advisors would recommend that the bill be vetoed.

Consultation with Congress

The Administration understands the legitimate concerns that have been raised concerning U.S. participation in implementing a Bosnian peace settlement. All levels of the Administration, including the President, are consulting closely with the Congress on this issue and will continue to do so. If a Bosnian agreement is reached, there will be a timely opportunity for further study and consultation between the Congress and the Administration. Subsequently, the Administration will request an expression of support from Congress for American participation in a NATO implementation force.

But a peace settlement has not been reached yet. To prejudge the talks at this stage, by limiting the President's authority as this bill would do, risks derailing the negotiations before any settlement has been achieved. There will be an opportunity to evaluate and address the role of U.S. participation in any Bosnia peace settlement once the terms of the settlement are known.

U.S. Interests

A core tenet of U.S. foreign policy for the past half-century has been that the United States has paramount interests in the security and stability of Europe. A lasting, peaceful settlement

to a bloody conflict in the heart of Europe is critical to protecting these interests.

In order to implement such a settlement, however, there must be provision for a credible international military presence to give parties to the Bosnian conflict the confidence that they can lay down their arms and begin the process of reconciliation and rebuilding. NATO is the only force that can provide that presence and the United States, as the leader to the Alliance, must participate fully. Indeed, the parties to the war, particularly the Bosnian government, have said they will not sign a peace agreement unless they believe the United States will help implement it.

H.R. 2606 would limit the United States' ability to work with the parties even before the terms of a settlement, and any U.S. participation, are agreed upon, risking a breakdown in negotiations, a resumption of the conflict, and undermining U.S. national interests in a peaceful settlement. Failing to support allies at this pivotal moment, would undermine U.S. leadership of NATO and weaken the Alliance that is the very basis of our Nation's own security. Undercutting the chance for peace in Bosnia would be to the detriment of the United States' interests.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 12, 1995 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2621 - Prohibition of Specified Cash Management Practices (Archer (R) TX)

If H.R. 2621 were presented to the President, he would veto it.

The reason is straightforward: H.R. 2621 would guarantee a Government default almost immediately after the date of its enactment. As a consequence, the Government would be unable to make full or timely payment on a wide variety of obligations, including interest on the public debt, Medicare, Medicaid, military pay, certain veterans benefits, payments to defense and other government contractors, Federal civilian pay, tax refunds, the Earned Income Tax Credit, Supplemental Security Income, and various other programs.

H.R. 2621 would repeal the debt management authority conferred on the Secretary of the Treasury, under current law, to avert a default on outstanding obligations. Specifically, it would curtail the Secretary's flexibility to manage the investments of the G-Fund and the Civil Service Retirement and Disability Fund (CSRDF).

H.R. 2621 would require the Secretary to invest immediately all of the \$60 billion in debt obligations formerly held by the G-Fund and the CSRDF that is currently uninvested. This would cause immediately the outstanding debt to be in excess of the debt limit. Treasury would be unable to borrow funds necessary to pay the bills of the United States; it could not issue another penny of debt to the public. Treasury has debt coming due every week, most of which is refinanced. Treasury would be unable to refinance that debt and would not have sufficient cash to retire it, thereby causing default within days, if not hours.

While the bill purports to set priorities for the benefits due to various Federal trust funds, the Government could not make such a

prioritization scheme operationally effective for several months, if at all, and then only at the cost of extensive disruption to its existing payment mechanisms. In addition, court action by those who were not paid because of a Government default could prevent the Treasury from making the benefit payments envisioned by the scheme.

The Administration reiterates its request that the Congress increase the statutory limit on the public debt to \$5.5 trillion, without objectionable restrictions. This would ensure the responsible management of the public debt.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 13, 1995 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J. RES. 115 -- SECOND CONTINUING RESOLUTION, FY 1996

(Sponsor: Livingston (R), Louisiana
Hatfield (R), Oregon)

This Statement of Administration Policy provides the Administration's views on H.J. Res. 115, the Second Continuing Resolution, FY 1996.

If H.J. Res. 115 were presented to the President as it passed the House on November 10, he would veto it. The Administration would support a simple extension of the current continuing resolution to give Congress time to finish its work.



November 8, 1995
(House Floor) (SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J. RES. 115 -- SECOND CONTINUING RESOLUTION, FY 1996
(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.J. Res. 115, the Second Continuing Resolution, FY 1996.

If H.J. Res 115 were presented to the President in its current form, he would veto it. The Administration would support a simple extension of the current continuing resolution to give Congress time to finish its work.

By late September, with the October 1 start of fiscal 1996 just days away, Congress had sent the President only one of the 13 appropriations bills that he could sign into law. As a result, the President and Congress agreed on a continuing resolution to keep the government running until November 13. That continuing resolution was designed to extend the normal operation of government until Congress could complete its work; the measure did not prejudge final budget decisions for fiscal 1996, nor did it attempt to enact new policies into law.

Though fiscal 1996 began well over a month ago, Congress is still way behind on its work. At this point, the President has been able to sign only two appropriations bills into law -- the fewest number of bills signed into law by this date since 1987. Clearly, Congress needs to pass another continuing resolution to keep the government running as it tries to finish its work.

Rather than draft a proper continuing resolution, in the mold of the current one, the House Leadership has drafted a continuing resolution that contains extreme provisions, including severely restrictive funding levels. These reductions would reduce funding for education, the environment, technology and other critical programs. Moreover, H.J.Res. 115 uses a measure that should simply extend current operations as an opportunity to make new policy in areas where significant disagreement exists.

One provision of H.J. Res. 115, the so-called "Istook amendment," would launch a broad attack on the right to free speech of such organizations as the Red Cross and the Girl Scouts; it would limit their ability, and that of other organizations that receive Federal funds, to participate in administrative or judicial proceedings. The Justice Department

believes that the provision does not pass constitutional muster because it imposes unconstitutional penalties for the exercise of free speech rights. Among other things, the provision would impose restrictions and penalties on organizations that were involved in advocacy during the year prior to passage of the legislation -- thereby violating the fundamental principle that prevents the government from retaliating retroactively against persons or organizations that have exercised free speech rights.

A second provision would raise the contribution that beneficiaries must pay for Medicare Part B premiums to \$53.50, effective in January of 1996.

For all of these reasons, the President would veto H.J. Res. 115 if it were presented to him in its current form.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 9, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J. RES. 115 -- SECOND CONTINUING RESOLUTION, FY 1996

(Sponsor: Livingston (R), Louisiana
Hatfield (R), Oregon)

This Statement of Administration Policy provides the Administration's views on H.J. Res. 115, the Second Continuing Resolution, FY 1996.

If H.J. Res 115 were presented to the President as it passed the House, he would veto it. The Administration would support a simple extension of the current continuing resolution to give Congress time to finish its work.

By late September, with the October 1 start of fiscal 1996 just days away, Congress had sent the President only one of the 13 appropriations bills that he could sign into law. As a result, the President and Congress agreed on a continuing resolution to keep the government running through November 13. That continuing resolution was designed to extend the normal operation of government until Congress could complete its work; the measure did not prejudge final budget decisions for fiscal 1996, nor did it attempt to enact new policies into law.

Though fiscal 1996 began well over a month ago, Congress is still way behind on its work. At this point, the President has been able to sign only two appropriations bills into law -- the fewest number of bills signed into law by this date since 1987. Clearly, Congress needs to pass another continuing resolution to keep the government running as it tries to finish its work.

Rather than draft a proper continuing resolution, in the mold of the current one, the House has passed a continuing resolution that contains extreme provisions, including severely restrictive funding levels. These reductions would reduce funding for education, the environment, technology and other critical programs. Moreover, H.J. Res. 115 uses a measure that should simply extend current operations as an opportunity to make new policy in areas where significant disagreement exists.

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A second provision would raise the contribution that beneficiaries must pay for Medicare Part B premiums to \$53.50, effective in January of 1996.

For all of these reasons, the President would veto H.J. Res. 115 if it were presented to him as it passed the House.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 10, 1995
(House Floor) (SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J. RES. 115 -- SECOND CONTINUING RESOLUTION, FY 1996

(Sponsor: Livingston (R), Louisiana
Hatfield (R), Oregon)

This Statement of Administration Policy provides the Administration's views on H.J. Res. 115, the Second Continuing Resolution, FY 1996.

If H.J. Res 115 were presented to the President as it passed the Senate, he would veto it. The Administration would support a simple extension of the current continuing resolution to give Congress time to finish its work.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 16, 1995 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J. RES. 122 -- SECOND CONTINUING RESOLUTION, FY 1996
(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.J. Res. 122, the Second Continuing Resolution, FY 1996.

If Congress presented H.J. Res. 122 to the President as it passed the House, he would veto it.

This resolution sets out a framework for balancing the budget that would force the kinds of drastic cuts in Medicare, education, and the environment that Republicans in Congress have proposed as part of their balanced budget plan. As the President has said repeatedly, he will not accept such cuts. Rather, he has proposed a plan to balance the budget that would strengthen Medicare and Medicaid, invest more in education and training, protect the environment, and cut taxes for average Americans.

The Administration supports an extension of the previous continuing resolution, which was in place from October 1 to November 13, to end the government shutdown and give Congress time to finish its work. In addition, the Administration urges Congress to provide pay for those Federal workers who have been furloughed during this shutdown, through no fault of their own.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 10, 1995
(Senate)
SENT 7/11/95

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 343 - Comprehensive Regulatory Reform Act of 1995

(Dole (R) KS and 29 cosponsors)

The Administration strongly supports the enactment of cost-benefit analysis and risk assessment legislation that would improve the regulatory system. S. 343, however, is not such a bill. Because the cumulative effect of its provisions would burden the regulatory system with additional paperwork, unnecessary costs, significant delay, and excessive litigation, the Secretaries of Labor, Agriculture, Health and Human Services, Housing and Urban Development, Transportation, the Treasury, and the Interior, the Administrator of the Environmental Protection Agency, and the Director of the Office of Management and Budget would recommend that the President veto S. 343 in its present form.

The Administration is particularly concerned that S. 343 could lead to:

- Unsound Regulatory Decisions. A regulatory reform bill should promote the development of more sensible regulations. S. 343, however, could require agencies to issue unsound regulations. It would force agencies to choose the least costly regulatory alternative available to them, even if spending a few more dollars would yield substantially greater benefits. It would also prevent agencies responsible for protecting public health, safety, or the environment from issuing regulations unless they can demonstrate a "significant" reduction in risk -- even if the benefits from a small reduction in risk exceed the costs. Both of these features would hinder, rather than promote, the development of cost-beneficial, cost-effective regulations. In addition, S. 343 could be construed to constitute a supermandate that would override existing statutory requirements indiscriminately.
- Excessive Litigation. While it is appropriate for courts to review final agency action to determine whether, taken as a whole, the action meets the requisite standards, S. 343 would increase opportunities for lawsuits and allow challenges to agency action that is not yet final. Further, by needlessly altering numerous features of the

Administrative Procedure Act, S. 343 could engender a substantial number of lawsuits concerning the meaning of changes to well-established law.

- A Backdoor Regulatory Moratorium. S. 343 would take effect immediately upon enactment, consequently leading to an unnecessary and time-consuming disruption of the rulemaking process. It would require proposed regulations that have already been through notice and comment, and are based on cost-benefit analysis, to begin the process all over again because of an agency's unknowing failure to follow one of the many new procedures in the bill.
- The Unproductive Use of Analytic Resources in Issuing New Rules. Since the mid-1970s, Presidents of both parties have selected \$100 million as the line of demarcation between that which warrants full-blown regulatory analysis and that which does not. Because cost-benefit and risk analyses can be costly and time-consuming, the Administration believes that \$100 million continues to be the appropriate threshold. S. 343, however, has as its threshold \$50 million --a decision that would require agencies to use their resources unproductively and that therefore cannot itself withstand cost-benefit scrutiny.
- Agencies Overwhelmed with Petitions and the Lapsing of Effective Regulations. S. 343 creates numerous, often highly-convoluted petition processes that, taken together, could create opportunities for special interests to tie up an agency in additional paperwork and, in the process, waste valuable resources. Several of these processes allow agencies inadequate time to conduct the required analyses and prepare the required responses to petitions; contain inadequate standards against which the adequacy of petitions can be judged; contain inadequate limitations on who may properly file petitions; and contain inadequate safeguards against an agency becoming overwhelmed by large numbers of petitions. These problems are exacerbated by provisions providing for the sunseting of regulations according to arbitrary deadlines, which could cause effective regulations to lapse without going through the notice and comment process.
- Inappropriate Use of Risk Assessment and Peer Review. S. 343's risk assessment and peer review provisions are overly broad in scope and would introduce unnecessary delays into the regulatory process. They would inappropriately subject all health, safety, and

environmental regulations to risk assessment and peer review, regardless of whether such regulations are designed to reduce risk or whether a risk assessment and a peer review would, from a scientific perspective, be useful or appropriate.

- Slowed Environmental Cleanups. S. 343 could needlessly slow ongoing and planned environmental cleanup activities, including those at military installations necessary to make the installations being made available for productive non-military use. It would also invite attempts to renegotiate cleanup agreements, thereby hampering enforcement efforts and increasing public and private transaction costs.
- A Less Accountable and Less Transparent Regulatory Process. Any regulatory reform bill should bring "sunshine" to the regulatory review process. Executive Order No. 12866, "Regulatory Planning and Review," provides both for centralized Executive branch review of proposed regulations and for the disclosure of communications concerning pending rulemakings between persons outside the Executive branch and centralized reviewers. S. 343, however, contains no such sunshine provision and could consequently remove accountability and transparency from the regulatory process.
- An Unduly Lengthy Congressional Layover. S. 343 includes a provision for a congressional layover of 60 days that goes beyond the provisions of S. 219, which provided for a 45-day layover. S. 219 passed the Senate by a vote of 100-0, with Administration support.
- Unrealistic, Unmanageable Studies. S. 343 would require a comprehensive study of and report on all risks to health, safety, and the environment addressed by all federal agencies. It would also require the President to produce annually a highly detailed estimate of and report on the costs, benefits, and effects of virtually all existing regulatory programs. Such studies would not only be unmanageable to conduct and costly to produce, but would require scientific and economic analytical techniques that go beyond the state of the art.
- Unnecessarily Hindered Enforcement of Regulations and Out of Court Settlements. S. 343 could create disincentives for regulated entities to bring potentially conflicting regulations to the appropriate agencies' attention. It could also make it unnecessarily difficult for agencies to settle litigation out of court.

- Significant Changes in Substantive Law Without Proper Consideration. S. 343 goes beyond attempting to reform the regulatory process by making changes in substantive law -- altering, for example, the Delaney Clause and the Community Right-to-Know Act. Whether such changes are appropriate should be decided only after full hearings in the committees of jurisdiction and full debate on the merits.

The Administration is as concerned with the cumulative effect of S. 343 as with its particular features. The Administration remains committed, however, to improving the regulatory process, both administratively and through legislation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 28, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 908 - Foreign Relations Revitalization Act of 1995
(Helms (R) North Carolina)

If S. 908 were presented to the President in its current form, the Secretary of State, the U.S. Ambassador to the United Nations, the Administrator of the Agency for International Development (AID), the Director of the U.S. Information Agency (USIA), and the Director of the U.S. Arms Control and Disarmament Agency (ACDA) would recommend the bill be vetoed.

This bill would push the United States to retreat from world affairs when it is increasingly clear that this country's policies overseas make a vital contribution to the well-being of the United States. S. 908 would drastically reduce the resources available to meet the threats and opportunities that the United States faces around the world. The bill as a whole unacceptably infringes on the President's authority and responsibility under the Constitution to conduct foreign affairs.

Among the most objectionable provisions, S. 908 would:

- Impose Unnecessary Foreign Policy and Other Restrictions. The broad range of restrictions contained in this bill represent an assault on the authority of the President to conduct the foreign policy of the United States and on the Nation's ability to respond rapidly and effectively to threats to our security. These include provisions that would interfere with the President's ability to conduct diplomatic relations with foreign countries and in international fora, including delicate relations with China and North Korea. S. 908 also imposes onerous and unreasonable reporting and certification requirements that would greatly impede the U.S. in its ability to participate and lead in the United Nations and other multilateral institutions. Further, the bill would compel a change in U.S. refugee policy that could pose a serious threat to U.S. borders, limiting the President's ability to respond to boat migration and possibly exacerbating the illegal smuggling of aliens into the United States.

- Abolish Three Foreign Affairs Agencies. S. 908 would eliminate AID, ACDA, and USIA by March 1, 1997, and consolidate the wide-ranging programs and policy responsibilities of these agencies into the Department of State. By this consolidation and by drastically and arbitrarily cutting personnel, S. 908 would seriously impair the conduct of U.S. foreign policy.

Under the Administration's streamlining efforts, the foreign affairs agencies are reducing staffing by 4,700 positions, cutting bureaucratic layers and duplication, eliminating low-priority overseas posts and programs, re-engineering their business processes, establishing common administrative services, and realizing program and administrative savings. The Administration's approach preserves the talents and resources necessary to protect the vital interests of the United States abroad. Each of the agencies has a distinct mission that can best be performed by independent agencies under the overall foreign policy guidance of the Secretary of State; in this way, the United States can most flexibly address the complex challenges of the post-Cold War world.

- Reduce Foreign Affairs Authorization Levels. The FY 1996 International Affairs budget request, which accounts for only 1.3 percent of total Federal spending, is essential to advancing U.S. interests around the world and ensuring the safety and prosperity of Americans at home. The funding limitations contained in S. 908 would undermine the United States' ability to protect its security, economic and other interests around the world, thereby endangering the safety and prosperity of all Americans. Our security depends on the steady and active engagement of the United States in world affairs. The Administration's proposed foreign affairs budget ensures the ability of the United States to work with other countries to foster a safe and open world community.

Pay-As-You-Go Scoring

S. 908 would affect receipts and direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates of this bill is that its enactment would be revenue neutral. Final scoring of this legislation may differ from these estimates.

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July 27, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 961 - Foreign Aid Reduction Act of 1995
(Helms (R) North Carolina)]

S. 961 would seriously undermine the President's prerogatives and authorities to carry out U.S. foreign policy, and deprive the United States of the resources necessary to exercise leadership in addressing the complex challenges of the post-Cold War period. S. 961, like the related House-passed bill (H.R. 1561), is an unacceptable combination of unwise restrictions on Presidential authority, congressional micro-management, and inadequate appropriations authorizations.

Therefore, if S. 961 were presented to the President in its current form, the Secretary of State, the Secretary of Defense, the U.S. Ambassador to the United Nations, and the Administrator of the Agency for International Development, would recommend that the bill be vetoed.

S. 961 imposes extensive restrictions on the President's authority to conduct foreign policy, which will affect the Administration's ability to honor U.S. international commitments and responsibilities. Among the most objectionable provisions are: unworkable restrictions on implementing the North Korea Framework Agreement; restrictions on participation of Private Voluntary Organizations and the private sector in carrying out assistance programs; and restrictions on important assistance programs in Nicaragua, overseas drug control efforts, and credit programs in the New Independent States.

The bill also contains troublesome policy statements that will complicate the U.S. ability to address delicate foreign policy issues (e.g., Taiwan and China). In addition, the Administration objects to section 318, which would impose criminal penalties for persons engaging in any activity intended to "circumvent" a foreign assistance restriction. The vagueness of this provision raises serious constitutional concerns.

S. 961 would also drastically reduce appropriations authorizations for foreign aid and other programs, and it contains a number of earmarks, which further limit the Executive's ability to address changing requirements. The reduced authorization levels and earmarks in S. 961, together with the reduced authorization and personnel levels in S. 908 (the Foreign Relations Revitalization Act) would lead to a deterioration of our Nation's ability to remain engaged on a variety of issues vital to U.S. national interests. The Administration notes that the overall level of funding authorized in S. 961 represents a reduction greater than that required to meet the already low levels set in the Budget Resolution. Even at the funding level for international programs agreed upon in the Budget Resolution Conference, there is room for improvement in many of the programs authorized in S. 961.

S. 961 sharply limits the purposes of foreign assistance, omitting the Administration's key objectives of preventing environmental degradation, promoting family planning, and expanding democracy and human rights.

In addition, the Administration opposes section 718, which would eliminate cargo preference requirements on the transportation of agricultural commodities as part of any U.S. Government-administered food assistance program. This change in current law would weaken the U.S. maritime industry.

The Administration maintains its strong support for the multilateral development institutions, particularly the International Development Association and the International Monetary Fund's Enhanced Structural Adjustment Facility. These institutions are highly effective in promoting market-oriented economic reform in the poorest developing countries, in integrating these countries into the global economy, and in developing important new markets for U.S. business.

Pay-As-You-Go Scoring

S. 961 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates of this

bill are presented in the table below. Final scoring of this legislation may differ from these estimates.

PAY-AS-YOU-GO ESTIMATES
(\$ in millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>1996-2000</u>
Increase in Deficit	20	20	45	68	90	243

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

August 10, 1995 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1087 -- DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, FY 1996

(Sponsors: Hatfield (R), Oregon; Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 1087, the Department of Defense Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce FY 1996 discretionary spending by \$5 billion in outlays below the FY 1995 enacted level. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities.

The Administration does not support the Committee's 602(b) allocations or the level of funding provided by the Committee bill, which is nearly \$6.5 billion above the President's request. By providing increases for defense programs that are neither warranted nor justified, the bill would seriously undermine the President's goal of achieving a balanced budget while increasing investment programs essential to a higher standard of living for all Americans. As reflected in his budget, the President firmly believes that it is possible to maintain a strong defense without sacrificing critical investments. The Committee's allocation raises serious concerns about the overall priorities reflected in the appropriations process. For this reason and other concerns discussed below, the President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

While the Administration strongly opposes the overall spending level in the bill, the Senate version is an improvement over the House bill in several important areas. In particular, we appreciate the funding provided for the Technology Reinvestment Project and for the Nunn-Lugar Cooperative Threat Reduction program.

Ballistic Missile Defense

The Committee bill would increase funding above the President's request for Ballistic Missile Defense (BMD) by \$491 million -- including an additional \$151 million for theater missile defense and \$300 million for development of a national missile defense (NMD) system -- for a total funding level of over \$3.4 billion. The Committee bill would also increase funding for the BMD-related space missile tracking system by \$135 million. Such increases in funding are unnecessary and wasteful. The President's theater missile defense program is a balanced program that will provide a multi-level defense against tactical ballistic missiles in the near future. The President's program to develop technologies for a national missile defense system would provide the capability to deploy an NMD system rapidly, should a threat materialize in the future. However, at present, there is no need to accelerate the development of a national missile defense system.

The Committee bill would terminate valuable elements of our theater missile defense program, including systems designed to destroy ballistic missiles almost immediately after they are launched (Boost Phase Intercept) and systems designed to protect front-line troops from missiles and aircraft (MEADS). MEADS is not only a valuable defense system; it is also an important test of future trans-Atlantic defense cooperation. The Senate recognized this on August 2nd when it voted 98-1 to restore \$35 million for MEADS to S. 1026. The Administration urges the Senate to restore funding for these programs to the requested levels.

Unwarranted Increases

The Committee bill would add \$2.7 billion to the President's request for procurement of Navy ships, while funding incrementally the third Seawolf attack submarine, the SSN-23. The Administration opposes incremental funding because it exposes the government to cost increases and schedule delays if follow-on appropriations fall short of need. Rather than providing such large increases for ships that are not now needed, the Administration urges the Senate to fund fully the SSN-23 and to appropriate funds for Navy ships according to the President's request.

The Committee bill would provide \$1.3 billion in unrequested procurement funding for tactical fighter and attack aircraft that is not currently required. The bill would also unnecessarily increase funding for National Guard and Reserve Equipment by \$777 million. Of this increase, \$400 million is for unspecified tactical aircraft that are of a low priority.

Technology Reinvestment Project

The Committee bill would provide only \$238 million of the \$500 million requested for the Technology Reinvestment Project (TRP), which is critical to harnessing leading-edge technology from the commercial sector for national defense. The Administration is encouraged that the Committee has provided \$238 million to continue ongoing projects but strongly urges the Senate to appropriate the full \$500 million requested for TRP.

Cooperative Threat Reduction

The Administration appreciates the Committee's support for the Cooperative Threat Reduction "Nunn-Lugar" program, especially compared to the funding level recommended by the House Appropriations Committee. The Administration, however, opposes the Committee's harmful deletion of all funding for the Defense Enterprise Fund. The Fund is one of the only programs designed to dismantle the capability, within the countries of the former Soviet Union, to make new weapons of mass destruction, thereby relieving pressure to make more weapons and export them to rogue states.

Additional Issues

The Administration supports the Committee's funding level for the B-2 program, which is an improvement over the House Committee-recommended level.

The Administration opposes the Committee's reductions in funding for the Defense environmental, energy management, and the Airborne Reconnaissance programs. The Committee bill would deny funding for the Department of Defense's Contributions for International Peacekeeping and Peace Enforcement Activities account, thereby undermining the Administration's efforts to meet United States' obligations to the U.N. responsibly and effectively.

The Committee's reductions in humanitarian assistance and disaster relief would severely restrict the ability of the Secretary of Defense and his regional commanders-in-chief (CINCs) to implement DoD's peacetime engagement strategy.

The Committee bill would direct the Secretary of Defense to issue loan guarantees in support of defense exports up to a contingent liability level of \$15 billion. This provision is unnecessary, given the availability of existing financing authority and the substantial American share of the international military sales market.

The Administration objects to the bill's restrictions on the use of Defense funds to support the non-proliferation framework with North Korea. While no such assistance is requested or anticipated from defense funds, this provision would unduly restrain the President's ability to respond to unforeseen contingencies on the Korean Peninsula.

Separation of Powers

Section 8074 of the Committee bill would require the approval of the Comptroller General, an agent of the Legislative Branch, before any reorganization of the regional headquarters and the basic camp structure of the Reserve Officer Training Corps (ROTC) could be implemented. Supreme Court decisions indicate that such a provision would violate the separation of powers doctrine of the Constitution.

Prompt Payment of Invoices

A provision of the Committee-reported bill would require the Department of Defense to pay invoices in 24 days when all other agencies of Government are required to pay invoices in 30 days under the Prompt Pay Act (P.L. 97-177). This provision would increase Defense outlays by \$750 million in FY 1996.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 25, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1357 - Budget Reconciliation Act of 1995
(Domenici (R) New Mexico)

If this budget reconciliation legislation -- with its extreme spending cuts and huge tax cuts flowing disproportionately to people who don't need them -- were sent to the President in its current form, he would veto the bill. The reasons are set forth in the attached Office of Management and Budget letter of October 23, 1995 to Chairman Domenici.

**EXECUTIVE OFFICE OF THE PRESIDENT****OFFICE OF MANAGEMENT AND BUDGET**

WASHINGTON, D.C. 20503

THE DIRECTOR

October 23, 1995

Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to transmit the Administration's views on the actions that Senate committees have taken to comply with their budget reconciliation instructions.

You should have no doubt about the President's position: If reconciliation legislation were sent to him with the extreme spending cuts and huge tax cuts called for in the budget resolution, he would veto the bill. The President has stressed the importance of finding common ground with Congress on a budget plan that will best serve the interests of the American people.

As you know, the President shares with congressional leaders the goal of balancing the budget. But, as the President and his senior advisors have repeatedly noted, the Administration has profound differences with the overall approach that Congress has adopted to reach that goal:

- **The President's plan:** The plan, which the President announced in June, would protect Medicare until 2006 and retain Medicaid as an entitlement; invest in education and training and other priorities; and provide for a targeted tax cut to help middle-income Americans raise their children, save for the future, and pay for postsecondary education.

To reach balance, the President would eliminate wasteful spending, streamline programs, and end unneeded subsidies; take the first, serious steps toward health care reform; reform welfare to reward work; cut non-defense discretionary spending (other than the President's investments) 22 percent in real terms in 2002; and target tax relief to those who really need it.

- **The Republican plan:** The Republican plan -- as reflected in the committee reconciliation provisions -- seeks to balance the budget while providing a huge tax cut whose benefits would flow disproportionately to those who do not need them.

To reach balance, the Republican plan would cut deeply into such mandatory programs as Medicare, Medicaid, student loans, and food stamps, and would raise taxes on millions of working families by slashing the Earned Income Tax Credit (EITC). By extending the discretionary caps at Republican-proposed levels, the Republican plan would force deep cuts in virtually all discretionary programs, including education and training, science and technology, environmental protection, and other priorities.

The President believes strongly that, while his approach reflects the common ground that Americans share, the Republican plan reflects an extreme and unwise approach that will hurt average Americans and help special interests. He has repeatedly urged Congress to work with him on a more reasonable path that will help raise average living standards in the future.

The Republican majority, however, has shown little inclination to move to a more responsible path. The Finance Committee, for instance, has passed deep, unwarranted cuts in Medicare that would raise costs for beneficiaries and sharply cut payments to providers, jeopardizing access to, and the quality of, care. In addition, Finance would convert Medicaid into a block grant, which is unacceptable. Under the Finance Committee approach, states would face untenable choices: cutting benefits, dropping coverage for millions of beneficiaries, or reducing provider payments to a level that would undermine the ability to adequately serve beneficiaries. Furthermore, Finance would end standards needed to protect residents of nursing homes, and would not ensure coverage for some of the most vulnerable Americans — poor children.

The Republican tax plan hurts working Americans. The Finance Committee would raise taxes on 17 million working families by cutting the EITC. And it would make unwise changes to pension fund asset reversions — making it easy for companies to withdraw "excess" pension assets — threatening the retirement benefits of workers and increasing the exposure of the Pension Benefit Guaranty Corporation, which guarantees these benefits. In addition, the Governmental Affairs Committee would raise Federal employee retirement contributions — which is tantamount to raising employees' taxes.

The Finance Committee has included the Senate-passed welfare reform bill in the reconciliation bill. Overall, food program and EITC cuts elsewhere in reconciliation, together with other low-income program cuts, are excessive. For welfare reform to succeed, it must save money by moving people from welfare to work, not by merely cutting them off or shifting costs to the states. The cost of excessive program cuts — to working families, families with small children, low-income immigrants, disabled children, and the elderly receiving Supplemental Security Income — would be grave. The Administration proposes a more acceptable level of cuts, coupled with strong programmatic reforms.

Other committees are making cuts in programs that would adversely affect millions of students and their families, children, the poor of all ages, farmers, and the environment.

The Senate Labor and Human Resources Committee would raise college loan costs to middle- and low-income students and parents, and tax colleges and universities. In particular, the Committee would cap the Direct Student Loan Program, reversing the program's significant progress and ending the participation of over 600 schools and hundreds of thousands of students. These actions hurt middle- and low-income families, make student loan programs less efficient, perpetuate unnecessary red tape, and deny to students and schools the free-market choice of guaranteed or direct loans.

The Agriculture Committee would cut farm spending over three times more than the President, reducing farm income and jeopardizing recent record gains in U.S. farm exports. Also, it would cut food stamps too much -- even more than the Senate welfare bill -- threatening the nutritional safety net for children, the elderly, and working families.

The Energy and Natural Resources Committee would open the Arctic National Wildlife Refuge (ANWR) to oil and gas drilling, threatening a rare, pristine ecosystem, in hopes of generating \$1.3 billion in federal revenues -- a revenue estimate based on wishful thinking and outdated analysis. Moreover, the potential for long-term damage to this biologically-rich wilderness is simply too great. The Administration, instead, supports efforts to protect the refuge's coastal plain permanently.

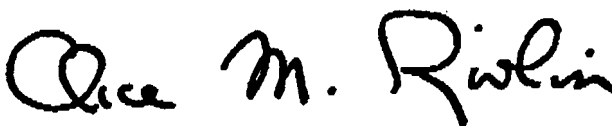
Already, the President has made it clear that he will veto any reconciliation bill that includes Medicare and Medicaid cuts of the size that the budget resolution calls for. Also, as I wrote to the Energy and Natural Resources Committee on September 21, the President will veto any reconciliation bill that opens ANWR to oil and gas drilling. But our serious concerns do not end with the specific veto threats that we have issued. For the wide array of reasons discussed in this letter, this bill remains unacceptable to the Administration and to the American people.

This nation was founded on the dream that all families should be given the opportunity to improve their lives and the future of their children. The Republican plan undermines that dream and promotes the wrong set of priorities for the nation.

Attached is a more detailed review of our concerns.

Although we have major differences with Congress at this point, we hope to work with you to find a common path to balance the budget in a way that will improve the standard of living of all Americans.

Sincerely,



Alice M. Rivlin
Director

Attachment

Identical letters sent to Honorable J. James Exon,
Honorable Robert Dole, and Honorable Thomas Daschle

CONCERNS WITH SENATE RECONCILIATION PROVISIONS

SENATE AGRICULTURE

Farm policy

The Administration objects to the \$13.4 billion cut in farm program spending over seven years — well over the \$4.2 billion in seven-year savings in the President's balanced budget plan. Cuts of the Senate's magnitude would unacceptably reduce U.S. farm income and damage U.S. agricultural export opportunities in the world economy.

The bill does not direct funding to those who most need it, and would punch holes in the safety net for family farmers; while it would significantly protect large-scale farming, it would not significantly protect small-scale farming.

Moreover, farmers would no longer have to participate in the Federal Crop Insurance Program as a condition of receiving farm program benefits, potentially undoing the major reforms only recently achieved in that program.

The bill would cut international trade promotion and market development assistance. It would cut the Export Enhancement Program by 20 percent a year, and the Market Promotion Program by 32 percent a year, diminishing our ability to compete in international markets — in stark contrast to our competitors who continue to subsidize their farmers substantially.

In addition, the bill would cut incentives for voluntarily accomplishing conservation goals. It would cut the Conservation Reserve Program in half (costing about 15 million acres of resource protection) compared to the Administration's baseline. It would prohibit the Wetland Reserve Program from offering permanent easements, thus requiring USDA to pay multiple times for the same piece of land in order to protect wildlife and water quality. Especially at a time when regulatory controls for wetlands protection are under attack, Congress should not cut incentive-based programs so drastically.

Food Stamps and Child Nutrition

The committee's proposal includes the Senate welfare bill's food stamp provisions and other provisions. All told, the committee would cut food stamps by \$31 billion — \$4 billion more than the Senate welfare bill. The President's balanced budget plan includes a preferable funding level, saving \$19 billion over seven years but preserving uniform, national eligibility for most of those now entitled to the program. We must preserve the national nutrition safety net, which assists about 27 million low-income children, elderly and working families.

While, generally, Senate-proposed changes to nutrition programs improve on those in the House welfare bill -- such as by rejecting block grants for child nutrition programs and WIC -- the Administration strongly opposes the food stamps block grant option, which the Senate welfare bill includes. By not requiring that all assistance go for food, the Senate would endanger the national program and move toward abdicating the federal role in combating hunger. Especially if Congress creates an AFDC block grant, we must preserve a national food stamp entitlement program; a national nutrition program helps put food on the table for low-income families who may lose their cash assistance, and it helps agricultural producers.

Moreover, the Administration strongly believes that all food stamp spending should go for food assistance, not just 80 percent, as the Senate block grant option would permit. Federal nutrition programs have produced measurably better health among the many people who get food assistance. National nutrition standards and a funding mechanism that lets the programs expand to meet greater needs in times of national or regional economic hardship are essential to feasible welfare reform.

SENATE ARMED SERVICES

The Administration is pleased that the Senate chose not to break faith with our service men and women by changing the method for computing military retirement pay, but instead chose to allow increased sales from the National Defense Stockpile to offset defense mandatory program increases.

The committee also proposes to sell the Naval Petroleum Reserves, as the President proposed. The Administration urges Congress not to rush the sale, enabling the federal government to receive fair market value for the assets.

SENATE BANKING, HOUSING, AND URBAN AFFAIRS

Banking Insurance Fund (BIF)/Savings Association Insurance Fund (SAIF)

The Administration strongly supports the Committee's action to deal with the financial problems of the Savings Association Insurance Fund (SAIF). It is essential to eliminate the perverse incentives created by a premium differential between SAIF and the Bank Insurance Fund (BIF). The bill would do so through a one-time special assessment on SAIF-insured deposits and by spreading Financing Corporation payments pro rata over all FDIC-insured institutions. In addition, we believe that the legislation should unambiguously provide for the SAIF's merger with BIF, which is essential to assuring that SAIF's structural vulnerabilities cause no further problems. While the Administration supports an ultimate merger of the thrift and bank charters, the difficult issues involved in the charter merger (including tax issues) should not interfere with enactment of a comprehensive solution to SAIF's financial problems that includes merging the deposit insurance funds. The Administration is also concerned that future congressional action to trigger the fund merger may carry a budgetary cost, creating an obstacle to it.

HUD Rental Subsidy Annual Adjustment Factor

The Administration is concerned about the equity of limiting the 1 percentage point cut in HUD's annual adjustment factor for subsidized rents to only one form of Section 8 rental assistance -- tenant-based certificates. The Administration prefers the House approach -- consistent with the Administration's 1995 and 1996 budget proposals -- of extending this reduced adjustment to all forms of Section 8 subsidies, including tenant-based certificates and subsidies attached to projects. Congress enacted this approach for one year only as part of the 1995 VA/HUD Appropriation Act, and will likely enact it again in the 1996 Appropriation.

SENATE COMMERCE, SCIENCE, AND TRANSPORTATION

Spectrum Auction

The Administration commends the Committee for including legislation to raise funds from spectrum auction, and believes the Committee's spectrum language is preferable to the House Committee's. Unlike the House provision, the Senate provision provides for paying (from auction proceeds) the costs that federal agencies bear in migrating from one portion of the telecommunications spectrum to another. This provision could be particularly important for the Departments of Defense and Justice and the Federal Aviation Administration. We should not require agencies to absorb these costs in their discretionary appropriations.

Rail Infrastructure

The Administration objects to the Committee's decision to spend \$70 million over seven years to make available up to \$100 million a year in guaranteed loans under the Federal Railroad Administration's Section 511 program. Railroads are financially healthy and have access to substantial financing through the private capital markets. In this era of declining discretionary budgets, subsidized loans to private, profitable corporations are objectionable.

The Administration also objects to spending \$75 million to revive the Local Rail Freight Assistance program. The Administration proposed to terminate this program in the 1996 Budget, and both House and Senate appropriators chose to eliminate it as well. The federal government should not be in the business of handing out grants to private corporations.

SENATE ENERGY AND NATURAL RESOURCES

Arctic National Wildlife Refuge

As noted above, the President will veto any reconciliation bill that opens the Arctic National Wildlife Refuge (ANWR) to oil and gas drilling. Exploration and development activities would bring physical disturbances to the area, unacceptable risks of oil spills and pollution, and long-term effects that would harm wildlife for decades. Moreover, the estimate that ANWR will generate \$1.3 billion in federal revenues from oil and gas leasing is wishful thinking, based on projected oil prices in the year 2000 of above \$30 per barrel — even though the Energy Information Agency now predicts prices will only be about \$19 per barrel. The estimate also fails to consider new geological information showing lower recoverable oil estimates and Alaska's claims that its Statehood Act entitles it to 90 percent of all revenues — not 50 percent, as the estimate assumes.

Hardrock Mining Reform

The Administration is concerned that the Committee's proposal to reform the antiquated 1872 hardrock mining law would, in fact, leave it largely intact. Most notably, the proposal essentially retains the notorious patenting provision whereby the government transfers billions of dollars of publicly-owned minerals at relatively little charge to private interests. The proposed "net" royalty on proceeds from minerals production on federal lands has excessive deductions, and would raise only a small amount of money to compensate taxpayers or fund the cleanup of abandoned mines that are degrading water supplies and otherwise harming the environment.

Additional Concerns

The Administration opposes the proposal to sell an additional 32 million barrels of Strategic Petroleum Reserve (SPR) oil, beyond the seven million proposed in the President's 1996 Budget and included in the 1996 Interior Appropriations Conference Report. The Administration is pleased with provisions which advance prospects for selling the United States Enrichment Corporation (USEC), although we are concerned about Senate provisions that would transfer exclusive rights to gaseous diffusion technology from the Energy Department to USEC and believe some changes are needed to successfully implement the Russian uranium agreement. In addition, while we appreciate inclusion of the Alaska Power Administration sale to current customers — as the Administration has proposed — we believe that all Power Marketing Administrations, except the Bonneville Power Administration, should be sold to their customers.

The Committee also has chosen to use the reconciliation bill as a catch-all for various objectionable policies, many of them having nothing to do with balancing the budget. The oil and gas royalties proposal includes a number of provisions that would make royalty collection far more difficult and costly for the federal government. The Ward Valley (CA) Land Transfer (which the Administration supports in concept) includes no environmental conditions. The Communication Site Fees proposal would prevent the National Forest and Bureau of Land Management (BLM) lands from implementing a fair market value fee

schedule that they developed over the past three years, reducing and delaying revenues to the Treasury and to states and counties where the sites are located. The aircraft services proposal would raise the Interior Department's federal procurement costs and reduce efficiency. The Reclamation Reform Act proposal would unjustifiably allow large landowners to prepay, at a discounted rate, the highly subsidized debt they owe the U.S. for their share of capital costs of Bureau of Reclamation irrigation projects. The Collbran Project Transfer proposal, by delaying the transfer until 2000 but not adjusting the price tag or covering the power debt, would provide an unwarranted triple subsidy to the project's water district conservancy.

SENATE FINANCE

Medicare

The Administration strongly opposes the magnitude of the proposed Medicare cuts — \$270 billion over seven years. While Republicans say we need cuts of this size to "save" the Medicare Part A Trust Fund, in fact we need only about \$90 billion in Part A savings to ensure the trust fund's solvency for the next 10 years. The rest of the Republican Medicare cuts would finance the Republican tax cut.

Further, the Republican plan imposes almost \$70 billion in new financial burdens on beneficiaries. Most of it comes from setting the Part B premium to cover 31.5 percent of program costs. This increase is excessive. The Republican plan also more than triples the Part B premiums for some higher-income beneficiaries. For all beneficiaries, the Part B deductible would more than double by 2002. The Republican plan then compounds these direct new burdens on beneficiaries by imposing many hidden cuts that will force them, over time, to pay much more for their health care services.

For example, the Senate's new "Medicare Choice" option actually gives beneficiaries less choice. Though it promises to give beneficiaries free choice between traditional Medicare and all the options under Medicare Choice, the legislation applies distinctly uneven rules to Medicare and Medicare Choice, making the former much less attractive to providers than the latter. These incentives, along with a provision that applies the so-called "budget expenditure limiting tool" (BELT) of more cuts only to the traditional program, would reduce providers' willingness to serve beneficiaries in traditional Medicare. This will restrict beneficiary choice, not enhance it. Medicare Choice, as structured in the Republican plan, also would promote adverse risk selection that could increase costs for the traditional program. The Administration does not support efforts to use Medicare beneficiaries to experiment with untested concepts that could weaken the program.

The Medicare Choice "choice" is also a bad one for beneficiaries because they will lose protection from "balance billing," whereby providers charge beneficiaries more than Medicare approves. Medicare permits no balance billing by hospitals and only limited balance billing by physicians. Medicare Choice plans, however, will widely permit it. Physicians, and possibly other providers such as hospitals and skilled nursing facilities, in fee-for-service Medicare Choice plans will be able to charge patients whatever they want.

The same will be true for patients electing the catastrophic or medical savings account (MSA) plans. For managed care plans, the Senate bill appears to let each private plan decide whether to offer beneficiaries any protection from unlimited provider charges. There would be no Federal protection for beneficiaries in these plans. Whenever patients receive non-emergency care outside of the plan -- even if the plan authorizes such care -- beneficiaries would not be protected from excessive charges by physicians. Given the very tight caps that this bill would impose, provider pressures to balance bill will grow. If providers begin to move to Medicare Choice plans to escape balance billing limits, beneficiaries will face the choice of following them and paying more, or remaining in traditional Medicare where fewer doctors and hospitals are able to care for them.

Medicaid

The Administration strongly opposes both the magnitude of proposed Medicaid cuts -- which would cut federal payments to states by \$182 billion, or 20 percent, below current law -- and the conversion of Medicaid into a block grant, eliminating guaranteed coverage to millions of Americans. By 2002, the cuts would amount to a 30 percent reduction below CBO's estimate of the cost to maintain current services. To reach these savings, per capita health care spending growth under Medicaid would have to fall to an average of 1.4 percent a year over the next seven years; by contrast, per capita spending in the private sector is projected to grow by 7.1 percent a year over this period. Given such a low rate of growth, states would face untenable choices: cutting provider payment rates, cutting benefits, or dropping coverage for millions of beneficiaries.

Furthermore, in converting Medicaid into a drastically smaller block grant program, the Committee bill reduces the guarantee of coverage on which millions of low-income families have depended. Over 36 million Americans -- individuals with disabilities, children, pregnant women, elderly nursing home residents, mentally retarded children and adults, mentally ill persons, and others -- who cannot pay for their own health care are now assured access to a package of basic services. Because this guarantee is eliminated, millions of children and many other vulnerable Americans could lose access to health care.

Although the Chafee amendment purported to "guarantee" coverage to certain groups, it does not define coverage. For example, it leaves the definition of who is disabled and, thus, eligible for guaranteed coverage entirely to the states. Further, given the size of proposed Medicaid cuts, the level of benefits that the states could guarantee could be minimal.

The Senate bill jeopardizes the income, homes, and cars of nursing home residents and their spouses. Under current law, federal Medicaid eligibility standards, which the Senate bill would repeal, protects these residents and their spouses from losing their homes and cars. Also under current law, spousal impoverishment provisions protect a minimum level of income and assets, not including the home and car. Because the Senate bill leaves both eligibility requirements and spousal impoverishment protections up to the states, the federal government would no longer assure that the income, homes, and cars of Medicaid recipients will be protected.

The bill also repeals federal nursing home quality standards for Medicaid and directs states to adopt whatever standards they choose. With an enormous cut in federal financial assistance, states may not be able to afford to develop and enforce standards to ensure a high quality of care and quality of life.

The bill also repeals protection for low-income Medicare beneficiaries under Medicaid. Currently, an estimated 5 million individuals receive Medicaid assistance with their Medicare premiums, deductibles, and other cost sharing. The need was so great that congressional Democrats and Republicans came together to create the Qualified Medicare Beneficiary (QMB) program. President Reagan signed legislation to create the program; President Bush signed a bill to expand it. These beneficiaries are doubly hit by Republican proposals. First, Republican *Medicaid* proposals eliminate guaranteed coverage of Medicare cost-sharing, potentially leaving beneficiaries ultimately liable. In addition, Republican *Medicare* proposals will exacerbate the hardship by increasing the premium amounts they must pay.

The Administration is concerned that the Committee bill repeals the Vaccines for Children Program (VFC), a 100 percent federally-funded entitlement for Medicaid-eligible, uninsured, under-insured, and Indian children. Although the bill requires states to cover immunizations for Medicaid-eligible children, thousands of uninsured, under-insured, and Indian children would lose coverage. Further, in converting Medicaid into a drastically reduced block grant, federal funding dedicated to immunizing children would decline, threatening our efforts to insure that 90 percent of all children under age 2 are properly immunized for the initial, and most crucial, doses of vaccine.

Earned Income Tax Credit (EITC)

The Administration strongly objects to the Committee's proposal to cut the EITC by \$43.5 billion over seven years, raising taxes on 17 million households. The changes would affect nearly 24 million children.

By partially repealing the indexing of the EITC, the Committee's proposal would generate creeping tax increases each year. Working families would see their taxes rise by \$302 in 1996 and by \$471 in 2005 (in 1996 dollars). Families with two or more children would fare the worst under the proposal. In 1996, taxes would increase, on average, by \$410 for over 7.4 million families with two or more children. Their taxes would increase by \$644 by 2005 (1996 dollars). By 2005, 22 percent of all families with children eligible for the EITC under current law would lose that eligibility.

Under the proposal, 1 million EITC recipients would be taxed on their full social security benefits, increasing their taxes by an average of \$859. The proposal also would repeal the EITC for very low-wage workers who do not reside with qualifying children. For these workers whose adjusted gross income is less than \$9,500, average taxes would rise by \$173.

The Administration believes strongly that Congress should not raise taxes on working families to finance tax breaks for the well-off. It should limit its changes to the compliance improvements that the Administration has proposed.

Tax Cuts

The Administration strongly opposes the Committee tax cut; it is fiscally irresponsible and would provide a disproportionate share of benefits to high-income families. At a time when Congress seeks to cut over \$1 trillion to balance the budget, adding another \$245 billion to the deficit through lower taxes forces more drastic cuts in public services and benefits for lower- and middle-income families. Without this huge tax cut, Congress would not need the drastic cuts in Medicare in the budget resolution, including the increase in premiums for the elderly at all income levels.

The tax cuts provide large benefits to those who need them the least. The capital gains cut, among other provisions, is overly generous and disproportionately benefits upper-income families. Overall, about 48 percent of the benefits from the Finance tax bill will accrue to families with incomes over \$100,000 (the top 12 percent of families). At the same time, the combined effects of the tax cuts and cuts in the EITC will raise taxes on families with income under \$30,000.

Pension Reversion

The Administration strongly opposes the "pension reversion" provision that would permit companies to withdraw "excess" pension assets. As the Pension Benefit Guaranty Corporation's board members stated in their October 17 letter to Chairman Roth, the Senate provision would "result in the removal of billions of dollars from the pension system, endangering workers' retirement income for the purpose of paying current expenses. This would increase the risk of loss for workers, retirees and the pension insurance system. Despite the nominal restrictions imposed ..., the proposal would effectively allow companies to remove assets from retirement plans and use these funds for any purpose... This is not the intended use of funds that have accumulated with the aid of the valuable tax incentives explicitly designed to promote pension savings for workers."

Such reversions risk a repeat of the pension raids of the 1980s, when reversions helped fuel corporate takeovers and buyouts. This short-sighted provision risks undermining our private retirement system. We must increase our savings for retirement and enhance, not diminish, public confidence in our pension system.

Health Benefits for Retired Unionized Coal Miners and their Families

A 1992 law combines federal and company funding to finance the health care for retired coal miners and dependents that was promised them in collective-bargaining agreements. A proposed amendment would release certain coal companies from their obligations, including those that signed an agreement to pay future costs for their former employees. The resulting lack of revenue could threaten the health care of nearly 100,000 retired coal miners and their families.

Child Support Enforcement

The Administration has significant concerns about a Committee proposal mandating that, in order to recoup administrative expenses, States collect an amount equal to a \$25 application fee and a 10 percent fee on all non-AFDC child support collections. Such a fee, amounting to a cut in income, would withdraw vital support for children, unduly burdening low- and moderate-income families and possibly forcing some back on AFDC.

Welfare Reform

AFDC, Work and Child Care. The Committee included the Senate-passed welfare reform bill in its reconciliation package. The Senate bill is significantly preferable to the House welfare bill in promoting work and protecting children, but the bill nevertheless raises important issues:

- The Administration strongly supports the bipartisan Senate improvements to provide the child care that people need to move from welfare to work. Without sufficient child care funding, welfare reform will prove an enormous unfunded mandate on states. The Administration recommends that Congress improve the final bill by adding more child care money, not less. The Administration strongly supports the Senate child care provisions that gives states a separate funding stream for child care and provide services to help families stay off welfare.
- The Administration is pleased that the Senate has included maintenance of financial effort provisions in the bill. Congress should clarify these provisions, however, to tighten the definition of allowable expenditures.
- Congress should provide states with greater protection in a serious recession by strengthening the Senate's contingency grant fund. From 1989-93, AFDC caseloads grew by 32 percent and AFDC spending by \$8 billion. But the Senate welfare bill's contingency fund provides only \$1 billion over seven years.

Foster Care. The Administration has strong reservations about the bill's proposed cap on foster care administrative costs. At a time when sharp changes in welfare policy may affect foster care caseloads substantially, the proposed cap would restrict states' ability to safeguard the well-being of abused and neglected children.

Supplemental Security Income. Both the House and Senate bills go too far in the changes they would make to the SSI children's disability program. In general, the Administration favors the Senate provisions over the House bill's deep cuts, which go far beyond what's needed to correct the program's recent growth. The House bill would eventually prevent nearly a million disabled children who could be eligible under current rules from receiving cash. We support the bipartisan Senate decision to continue to provide SSI cash benefits for all eligible children. We strongly urge Congress to reduce hardship to disabled children now on SSI by exempting them from these new, stricter eligibility rules. If Congress applies these rules to current SSI recipients, however, the Administration recommends only applying them to children eligible as a result of maladaptive behavior.

The Administration also recommends the deletion of a Senate provision that would gradually raise the age requirements to elderly poor applying for SSI from 65 to 67, paralleling the rising age requirements for Social Security. The apparent consistency of this change masks an important difference between these two programs: Social Security recipients can retire early and get benefits, and most do so, but no early eligibility age exists for SSI. The Senate added this provision at the last minute without adequate public scrutiny and debate; Congress should drop it.

Benefits to Immigrants. Both the House and Senate bills go too far in cutting benefits to legal immigrants, and shifting costs to states with high numbers of immigrants. The Administration supports holding sponsors who bring immigrants into this country more responsible for their well-being, but Congress should make these changes equitably. The House bill bans benefits for over a million immigrants who are now enrolled in SSI, Medicaid, or food stamps. The Senate bill's benefit restrictions, however, distinguish between immigrants with and without sponsors (except for purposes of SSI). Focusing benefit restrictions on immigrants with sponsors is a more sensible approach than the House bill. The Senate bill, however, should include the immigrant exemptions of the House bill.

The Administration strongly opposes the Senate provision that would discriminate against U.S. citizens by denying benefits to legal immigrants even after they became naturalized citizens. We cannot have two categories of citizens, and a provision that treats naturalized citizens less favorably than the native born raises serious constitutional concerns. Equally objectionable is the Senate provision that would establish a class system for American citizenship by requiring sponsors' income to exceed 200 percent of poverty. Working families who are U.S. citizens should not have to pass a wealth test to be reunited with a family member. In addition, fairness dictates that Congress adopt the House provisions that exempt from benefit cut-offs those over age 75 and those too disabled to complete the naturalization process.

Several further changes could make the legislation more acceptable to the Administration. Immigrants who become disabled after entering the country should be able to get SSI. In addition, benefit restrictions should not apply to discretionary programs and such mandatory programs as student loans and the social services block grant; the administrative burdens on these programs of verifying everyone's citizenship is significant, and the budget savings are negligible. Refugees and others who came to the U.S. to avoid persecution should get adequate time to naturalize before being subject to benefit restrictions. Finally, the Administration has serious reservations about the bill's application of these provisions to Medicaid.

SENATE GOVERNMENTAL AFFAIRS

Civil Service Retirement

The Administration is concerned about the Committee's proposal to raise employee retirement contributions, which is tantamount to raising employees' taxes. We should not raise taxes on federal employees at a time when we are reducing their numbers and asking those that remain to provide the American people with a government that works better and costs less.

Also, the Administration is concerned about a Committee proposal to delay the cost of living adjustment (COLA) from January to April for federal civilian retirees. Unlike private and military retirees, most current federal civilian retirees are not covered by Social Security, making them entirely dependent on their retirement benefits to maintain an adequate standard of living.

SENATE JUDICIARY

Patent and Trademark Office (PTO) fees

The Administration is concerned about the Committee's proposal to extend the patent surcharge fund, and to deny PTO full access to its fees without discretionary appropriations. This withholding of fees increases patent pendency and delays the deployment of new technology to the marketplace. The President's budget supports the elimination of the patent surcharge fund beginning in fiscal 1999 and the PTO's full access, without appropriation, to all fees.

SENATE LABOR AND HUMAN RESOURCES

Student Loans

The Committee would get over 60 percent of its \$10.8 billion in savings by cutting educational assistance to students and parents, and taxing colleges and universities. The Administration strongly opposes all of these provisions.

The President's direct lending program has been a great success, saving money and increasing access to education. Thus, the Administration strongly opposes the Committee's proposal to cap it. The program is easier for institutions to administer than the guaranteed loan program and gives students more flexible repayment options, including income-contingent repayment. By capping the program at 20 percent of total federal student loan volume, the Committee would eliminate up to half the institutions that are participating in this streamlined loan program. It also would prohibit other institutions from participating, including those that have already applied.

The Administration strongly opposes the Committee's proposed end to the federal subsidy of interest payments that Stafford loan recipients receive during the 6-month "grace period"; these undergraduate students' costs could rise as much as \$700. In addition, the Administration strongly opposes the Committee's increase in the PLUS loan interest rate, as well as its tax of 0.85 percent of total federal loan volume on institutions of higher education, which would penalize institutions in which a high proportion of students take out loans.

The Committee proposes large cuts in the administrative funding needed to effectively manage the guaranteed student loan program, and to avoid student loan fraud and abuse. These cuts would seriously weaken the Education Department's ability to ensure that taxpayer funds are properly used and accounted for. The Administration also opposes the Committee's proposed changes which would severely weaken the department's ability to oversee guaranty agencies and to protect federal assets under their control.

SENATE VETERANS' AFFAIRS

GI bill

The Administration is concerned about the Committee's proposed increase in the GI bill contribution rate, which would effectively cut the base pay of most first-year enlistees by 3.5 percent. The GI bill is a valuable recruiting tool of the Services; an increase in the required contribution could have an adverse effect on military recruitment.



July 31, 1996 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 123 - Language of Government Act
(Emerson (R) MO and 197 cosponsors)

If H.R. 123 were presented to the President, the Attorney General, the Secretaries of Treasury, Health and Human Services, Housing and Urban Development, Education and Labor, and the Chairman of the Equal Employment Opportunity Commission would recommend that the bill be vetoed. H.R. 123 would establish English as the official language of the United States and require the Federal Government to conduct most official business only in English. This highly objectionable bill is unnecessary, inefficient, and divisive. It would:

- Effectively exclude Americans who are not fully proficient in English from employment, voting, and equal participation in society.
- Jeopardize the rights of students with limited English proficiency to equal educational opportunity as well as the ability of schools to communicate effectively with parents with limited English proficiency about the education of their children.
- Be subject to serious constitutional challenge. The bill's provision that it not be construed to be inconsistent with the Constitution is so general as to provide no clear guidance and thereby, would create widespread uncertainty in the Government's day-to-day operation.
- Make it impossible for the Federal Government to conduct required business in writing with the millions of U.S. citizens in Puerto Rico and the States who do not read English.
- Effectively repeal the minority language provisions of the Voting Rights Act, limiting meaningful electoral participation by minority language populations. (The proposed Cunningham amendment would actually repeal these provisions.)
- Impair the ability of American Indian tribal governments to engage in self-governance.
- Significantly increase barriers to effective law enforcement in immigrant communities.
- Create an unnecessary private right of action, inviting frivolous litigation against the Government.
- Potentially eliminate programs that promote the welfare of children and older Americans where an immediate public health risk does not exist. The bill could also prohibit

publication in foreign languages of informational pamphlets on subjects like Head Start, Social Security, Older Americans, the Americans with Disabilities Act, child support collection, and child abuse prevention.

English is universally acknowledged as the common language of the United States, but language alone is not the basis for nationhood. Americans are united by the principles enumerated in the Constitution and the Bill of Rights: freedom of speech, representative democracy, respect for due process, and equality of protection under the law. H.R. 123 is contrary to each of these principles.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

March 21, 1996 (SENT)
(House)

H.R. 125 -- Gun Crime Enforcement and
Second Amendment Restoration Act
(Chapman (D) TX and 75 cosponsors)

The President will veto H.R. 125 or any other legislation repealing the ban on assault weapons.

The current ban on assault weapons does not affect hunting or sporting firearms. It is a sensible anti-crime measure that protects our Nation's citizens and law enforcement officers from violent criminals who, for too long, have had access to ever-increasing firepower. Repealing the ban against these weapons would weaken efforts to reduce violent crime and would expose law enforcement officers and the public to greater violence from criminals armed with high-powered, military-style weaponry.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 16, 1996 (SEN
(Conference)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 956--Common Sense Product Liability Legal Reform Act of 1996
(Hyde (R) IL and Hoke (R) OH)

The President will veto H.R. 956 if it is presented to him in the form of the Conference Report.

The Administration supports the enactment of limited but meaningful product liability reform at the Federal level. Any legislation, however, must fairly balance the interests of consumers with those of manufacturers and sellers. Further, any legislation must respect the important role of the States in our Federal system. The Conference Report on H.R. 956 underscores that Congress has failed to meet these requirements.

As a general matter, tort law, including product liability law, is the responsibility and prerogative of the States, rather than of Congress. This is an area in which States have served as laboratories, testing and developing new ideas and making needed reforms. Proponents of new and sweeping Federal restrictions on traditional State authority should bear the burden of persuasion. The Conference Report fails to show why the Federal Government should wrest this important responsibility from the States. Certainly the bill's findings -- which fail to recognize, for example, that the current increase in litigation is attributable to commercial suits between corporations rather than consumer-initiated product liability actions against manufacturers and sellers -- do not justify such broad scale Federal intrusion.

Moreover, the Conference Report unfairly tilts the legal playing field to the disadvantage of consumers. Many provisions of H.R. 956, such as those dealing with punitive damages and the statute of repose, displace State law only when that law is more favorable to the consumer; when State law is more favorable to manufacturers and sellers, it remains in operation. This "one-way preemption" approach unfairly disadvantages consumers. So, too, do several specific provisions of H.R. 956 that would impede the ability of injured persons to gain fair and adequate recovery.

In particular, the bases for the Administration's opposition to H.R. 956 are as follows:

First, the Administration, as noted in its Statement of

Administration Policy on the Senate version of this bill, opposes an artificial ceiling on the amount of punitive damages that may be awarded in a product liability action. Statutory caps ignore the fundamental purpose of punitive awards: to punish and deter. While the Senate bill and the Conference Report allow judges to exceed the ceiling in certain circumstances, the explanation in the Statement of Managers that "occasions for additional awards will be very limited indeed" reveals a continuing basis for concern. The Conference Report invites a wealthy, irresponsible, potential wrongdoer to weigh the risks of a capped punitive damages award against the potential gains or profits from the wrongdoing.

Second, the Administration, as also noted in its Statement of Administration Policy on the Senate version, opposes the abolition of joint-and-several liability for noneconomic damages (most notably, pain and suffering). This provision would severely and unfairly discriminate against those innocent victims whose injuries involve mostly noneconomic damages, rather than the sort of damages that can be measured by lost income. Elderly citizens, for example, would suffer. Noneconomic damages are as real and as important to victims as economic damages. Those who incur such damages should not suffer if one defendant has gone bankrupt or otherwise become unavailable.

In addition, the Administration is concerned that the Conference Report takes several steps backward from the Senate version. Most notably, the Conference Report deletes a provision that would have tolled the statute of limitations in the event of a stay or injunction against an action. Such a provision is critical when a potential defendant files for liquidation or reorganization, as happened in cases involving asbestos and the Dalkon Shield. In such a case, the bankruptcy court will issue a stay pending the completion of its proceedings; if the statute of limitations is not tolled, many injured persons run the risk of losing meritorious claims. Similarly, the Conference Report reduces the statute of repose from twenty years to a maximum of fifteen years (and less if States so provide). This change, which prevents a person from bringing suit against a manufacturer of an old product even if the product has just caused injury, also will preclude valid claims.

The Conference Report includes some good and useful provisions. In particular, Title II is a laudable attempt to ensure that suppliers of biomaterials will provide sufficient quantities of their products to manufacturers of medical devices. The Administration is committed to working with Congress to address this issue.

Nonetheless, the President will veto H.R. 956 if presented, because in its current form, it interferes unduly with State prerogatives and unfairly tilts the legal playing field to the disadvantage of consumers.

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THE WHITE HOUSE

WASHINGTON

March 16, 1996

Dear Mr. Leader:

I will veto H.R. 956, the Common Sense Product Liability Legal Reform Act of 1996, if it is presented to me in its current form.

This bill represents an unwarranted intrusion on state authority, in the interest of protecting manufacturers and sellers of defective products. Tort law is traditionally the prerogative of the states, rather than of Congress. In this bill, Congress has intruded on state power -- and done so in a way that peculiarly disadvantages consumers. As a rule, this bill displaces state law only when that law is more beneficial to consumers; it allows state law to remain in effect when that law is more favorable to manufacturers and sellers. In the absence of compelling reasons to do so, I cannot accept such a one-way street of federalism, in which Congress defers to state law when doing so helps manufacturers and sellers, but not when doing so aids consumers.

I also have particular objections to certain provisions of the bill, which would encourage wrongful conduct and prevent injured persons from recovering the full measure of their damages. Specifically, the bill's elimination of joint-and-several liability for noneconomic damages, such as pain and suffering, will mean that victims of terrible harm sometimes will not be fully compensated for it. Where under current law a joint wrongdoer will make the victim whole, under this bill an innocent victim would suffer when one wrongdoer goes bankrupt and cannot pay his portion of the judgment. It is important to note that companies sued for manufacturing and selling defective products stand a much higher than usual chance of going bankrupt; consider, for example, manufacturers of asbestos or breast implants or intra-uterine devices.

In addition, for those irresponsible companies willing to put profits above all else, the bill's capping of punitive damages increases the incentive to engage in the egregious misconduct of knowingly manufacturing and selling defective products. The provision of the bill allowing judges to exceed the cap in certain circumstances does not cure this problem, given Congress's clear intent, expressed in the Statement of

Managers, that judges should do so only in the rarest of circumstances.

The attached Statement of Administration Policy more fully explains my position on this issue -- an issue of great importance to American consumers, and to evenly applied principles of federalism.

Sincerely,

A handwritten signature in black ink, appearing to read "Rich", is centered on the page below the typed name.

The Honorable Richard A. Gephardt
Democratic Leader
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

March 16, 1996

Dear Mr. Speaker:

I will veto H.R. 956, the Common Sense Product Liability Legal Reform Act of 1996, if it is presented to me in its current form.

This bill represents an unwarranted intrusion on state authority, in the interest of protecting manufacturers and sellers of defective products. Tort law is traditionally the prerogative of the states, rather than of Congress. In this bill, Congress has intruded on state power -- and done so in a way that peculiarly disadvantages consumers. As a rule, this bill displaces state law only when that law is more beneficial to consumers; it allows state law to remain in effect when that law is more favorable to manufacturers and sellers. In the absence of compelling reasons to do so, I cannot accept such a one-way street of federalism, in which Congress defers to state law when doing so helps manufacturers and sellers, but not when doing so aids consumers.

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Managers, that judges should do so only in the rarest of circumstances.

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Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Clinton". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

March 16, 1996

Dear Mr. Leader:

I will veto H.R. 956, the Common Sense Product Liability Legal Reform Act of 1996, if it is presented to me in its current form.

This bill represents an unwarranted intrusion on state authority, in the interest of protecting manufacturers and sellers of defective products. Tort law is traditionally the prerogative of the states, rather than of Congress. In this bill, Congress has intruded on state power -- and done so in a way that peculiarly disadvantages consumers. As a rule, this bill displaces state law only when that law is more beneficial to consumers; it allows state law to remain in effect when that law is more favorable to manufacturers and sellers. In the absence of compelling reasons to do so, I cannot accept such a one-way street of federalism, in which Congress defers to state law when doing so helps manufacturers and sellers, but not when doing so aids consumers.

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Managers, that judges should do so only in the rarest of circumstances.

The attached Statement of Administration Policy more fully explains my position on this issue -- an issue of great importance to American consumers, and to evenly applied principles of federalism.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill". The signature is written in a cursive, slightly slanted style.

The Honorable Thomas A. Daschle
Democratic Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

March 16, 1996

Dear Mr. Leader:

I will veto H.R. 956, the Common Sense Product Liability Legal Reform Act of 1996, if it is presented to me in its current form.

This bill represents an unwarranted intrusion on state authority, in the interest of protecting manufacturers and sellers of defective products. Tort law is traditionally the prerogative of the states, rather than of Congress. In this bill, Congress has intruded on state power -- and done so in a way that peculiarly disadvantages consumers. As a rule, this bill displaces state law only when that law is more beneficial to consumers; it allows state law to remain in effect when that law is more favorable to manufacturers and sellers. In the absence of compelling reasons to do so, I cannot accept such a one-way street of federalism, in which Congress defers to state law when doing so helps manufacturers and sellers, but not when doing so aids consumers.

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Managers, that judges should do so only in the rarest of circumstances.

The attached Statement of Administration Policy more fully explains my position on this issue -- an issue of great importance to American consumers, and to evenly applied principles of federalism.

Sincerely,

A handwritten signature in black ink, reading "Bill Clinton". The signature is written in a cursive style with a long horizontal flourish at the end.

The Honorable Bob Dole
Majority Leader
United States Senate
Washington, D.C. 20510



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 25, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

An Amendment in the Nature of a Substitute to H.R. 1296
(Management of the Presidio in San Francisco)
(Sen. Murkowski (D) AK)

The Administration strongly supports continued efforts to preserve our Nation's heritage as represented by the National Park System. The careful stewardship of this precious resource is essential to ensure its preservation for the use and enjoyment of current and future generations.

In this regard, the Administration supports legislation to protect the Sterling Forest watershed in New York and New Jersey. The Administration also supports the bill's numerous provisions to improve park management through boundary adjustments or land exchange authority. And, except as noted below, the Administration has no objection to the land exchanges and land management provisions contained in the bill.

Similarly, the Administration supports legislation to improve the management and preservation of the Presidio in San Francisco, provided the bill conforms to existing statutory labor standards and civil rights requirements.

Notwithstanding the bill's positive provisions, however, it contains a highly objectionable provision -- the Utah Public Lands Management Act. If the Utah Public Lands Management Act is included in the bill that is presented to the President, the Secretary of the Interior would recommend that it be vetoed.

The Utah Public Lands Management Act fails to protect sufficient areas or acres as wilderness and would severely impede the Federal Government's ability to manage the designated wilderness areas, as well as the surrounding public lands. This Act would effectively reduce the protection of Utah's wilderness lands to a level below that enjoyed by Utah's other public lands and by other public lands throughout the West. Specifically, this Act

Similarly, the Committee cut the President's request for research and development (R&D) programs by about \$800 million, and then added about \$3.7 billion to reach a level \$2.9 billion above the President's request. Such proposed increases for R&D programs are not needed. Of this \$3.7 billion, \$1.2 billion is allocated for programs not in the Department of Defense's long-range plans. Other programs in the long-range plans received unnecessary increases. An additional \$350 million was added to accelerate development of defenses against strategic missiles from an uncertain threat. Also, the Administration believes that the Committee's four-year acceleration of the initial launch of the space-based missile warning system, "SBIRS," is unwarranted. An additional \$129 million for SBIRS carries with it substantial technical risk, has an estimated out-year cost of \$1.9 billion, and comes at the expense of higher priorities.

The Committee would provide none of the \$250 million requested for the Dual Use Applications Program (DUAP). The DUAP supports development of technologies for both commercial and defense production that will reduce the costs of future defense systems. Appropriations at the requested level are needed to enhance the affordability of defense systems and increase the vitality of the defense industrial base.

The Administration urges the House to restore the reductions made by the Committee to needed programs and to reduce the number of unrequested add-ons.

The Committee bill could hinder the President's ability to carry out foreign policy. The bill would mandate that the President consult with Congress at least 15 days prior to the transfer of defense articles and services for peacekeeping and humanitarian operations overseas. This would limit the President's flexibility to respond immediately to crisis events. In addition, the bill would restrict the President's flexibility to conduct foreign relations regarding North Korea.

Other Concerns

The Administration objects to the Committee's:

- o Deletion of one DDG-51 Aegis Destroyer;

- o Reduction in funding for depot maintenance carryover and spare parts inventories, civilian personnel, military transportation, recovery of revolving fund losses, and the Civil Military program;
- o Reductions of \$25 million to the Cooperative Threat Reduction (Nunn-Lugar) Program; \$20 million to the Overseas Humanitarian, Disaster, and Civic Aid Program; \$59.9 million for Advanced Concept Technology Demonstrations; and \$25 million for increased utilization of the Reserve components;
- o Failure to fund the highly valuable Technical Studies, Support, and Analysis Program, or to support devolvement of financial responsibility for environmental restoration to the Services;
- o Failure to provide for the retrofit of two P-3 aircraft to airborne radar aircraft for transfer to the Customs Services, as the Administration requested;
- o Limitation of funding for the White House Communications Agency for telecommunications support to the President, Vice President, and other officials specified by the President; and
- o Cap on allowable costs for executive compensation at \$250,000 for all defense contracts funded with FY 1997 appropriations. The Administration would like to work in a bipartisan manner with the Congress to develop a more rational, comprehensive long-term reform in this area, outside of the annual appropriations process.

would permit activities, including motor vehicle access, within the designated wilderness areas that are currently prohibited or restricted by the Wilderness Act of 1964. Its unprecedented "hard release" provision would declare all 20 million remaining acres of public land in Utah ineligible for further administrative study and protection as wilderness, now or at any time in the future. In addition, it would order Federal lands to be transferred to the State and prohibit the Secretary of the Interior from negotiating the lands to be selected.

Finally, the Administration has strong concerns about three other objectionable provisions in the forms presently contained in the bill. The first provision would direct the Secretary of Agriculture to exchange certain Federal land at the Snowbasin Ski Area, Utah, and approve a draft master development plan for the area. While the Administration supports the central objective of this land exchange, the exemption from environmental and other federal land management laws is objectionable.

The second objectionable provision would require the Secretary of the Interior to purchase certain oil and gas selection rights from an Alaskan Native Corporation. This provision is problematic because the Corporation has selected more than its entitlement, leaving what selections it is entitled to in question. In addition, the mandated appraisal methodology is inappropriate, and the subsurface interests are a low priority for public ownership.

Another objectionable provision would replace the existing Forest Service ski permit rental formula (ski fees) with a new fixed-rate system that might not reflect fair market value and would lower receipts over the next seven years. This provision would be acceptable if it were modified to: (1) require a report to Congress in five years on the relationship of the fees received to fair market value; (2) extend the floor on fees for the five years of the study; and (3) give authority to the Secretary of the Department of Agriculture to revise the fees after five years based on the study.

The Administration is continuing to review the Murkowski substitute and may have additional comments on the amendment as consideration of the legislation continues.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 26, 1996 (SENT)
(Conference)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1561 - Foreign Relations Revitalization Act of 1995
(Gilman (R) New York)

If the conference report on H.R. 1561 is presented to the President in its current form, the President will veto the bill. While steps have been taken to improve the bill, it still contains numerous provisions which do not serve U.S. foreign policy or U.S. national interests.

The principal reasons for the veto are:

- Forced Consolidation of Agencies. The legislation interferes with the President's prerogatives to organize the foreign affairs agencies in a manner that best serves the Nation's interests and the Administration's foreign policy priorities. This bill mandates the abolition of at least one foreign affairs agency, and includes authorization levels that would force other organizations to retreat further from engagement in world affairs. The Administration has already implemented significant reinvention of and reductions in international programs and is working towards further streamlining and reorganization. H.R. 1561 fails to provide, however, the necessary flexibility for the Administration to manage the agencies that implement foreign policy, which is essential to United States leadership.

- Authorization of Appropriations. The authorization levels included in the bill for FYs 1996 and 1997, which constitute ceilings on appropriations, are below the levels necessary to conduct the President's foreign policy and to maintain U.S. interests overseas in such areas as operating overseas posts of foreign affairs agencies, arms control and nonproliferation, international organizations

and peacekeeping, public diplomacy, and sustainable development. In addition, these levels would cause reductions-in-force (RIFs) of highly skilled personnel at several foreign affairs agencies.

- Taiwan Relations Act. Section 1601 amends the Taiwan Relations Act to state that the Act supersedes the provisions of the 1982 Joint Communiqué between the United States and the China. This would be seen as a repudiation of a critical and stabilizing element of long-standing U.S. policy towards China, increasing risks at a time of heightened tensions.
- Relations with Vietnam. Section 1214, concerning the use of funds to further normalize relations with Vietnam, unduly restricts the President's ability to pursue national interests in Vietnam, and in particular could threaten the progress that has been made on POW/MIA issues and put U.S. firms at a competitive disadvantage. Legislation which restricts the opening of missions also raises constitutional concerns.
- U.S. Participation in International Organizations. Provisions related to U.S. participation in the United Nations, which provide inadequate funding levels for FYs 1996 and 1997, and unworkable notification requirements would undermine U.S. diplomatic efforts to reform the U.N. and to reduce the assessed U.S. share of the U.N. budget. Furthermore, the provisions could interfere with ongoing Executive-Legislative Branch discussions aimed at achieving a consensus on UN funding and reform issues.
- Housing Guaranty Program. Section 1111 would terminate several worthwhile country programs, such as those in Eastern Europe and would eliminate any future programs, including those for South Africa. Additionally, this provision could inadvertently cause the cut-off of development assistance to many of the poorest countries of the world, as well as the cut-off of Economic Support Fund (ESF) anti-crime and narcotics-related assistance.
- Family Planning. The conference report fails to remedy the severe limitations on U.S. population assistance

programs placed in the FY 1996 foreign operations appropriations legislation. These restrictions will have a major, deleterious impact on women and families in the developing world. It is estimated that nearly 7 million couples in developing countries, will have no access to safe, voluntary family planning services. The result will be millions of unwanted pregnancies and abortions.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

March 11, 1996 (SENT)
(House)

H.R. 1561 - Foreign Relations Revitalization Act of 1995
(Gilman (R) New York)

If the conference report on H.R. 1561 is presented to the President in its current form, the President will veto the bill. While steps have been taken to improve the bill, it still contains numerous provisions which do not serve U.S. foreign policy or U.S. national interests.

The principal reasons for the veto are:

- Forced Consolidation of Agencies. The legislation interferes with the President's prerogatives to organize the foreign affairs agencies in a manner that best serves the Nation's interests and the Administration's foreign policy priorities. This bill mandates the abolition of at least one foreign affairs agency, and includes authorization levels that would force other organizations to retreat further from engagement in world affairs. The Administration has already implemented significant reinvention of and reductions in international programs and is working towards further streamlining and reorganization. H.R. 1561 fails to provide, however, the necessary flexibility for the Administration to manage the agencies that implement foreign policy, which is essential to United States leadership.

- Authorization of Appropriations. The authorization levels included in the bill for FYs 1996 and 1997, which constitute ceilings on appropriations, are below the levels necessary to conduct the President's foreign policy and to maintain U.S. interests overseas in such areas as operating overseas posts of foreign affairs agencies, arms control and nonproliferation, international organizations and peacekeeping, public diplomacy, and sustainable development. In addition, these levels will cause reductions-in-force (RIFs) of highly skilled personnel at several foreign affairs agencies.

- Taiwan Relations Act. Section 1601 amends the Taiwan Relations Act to state that the Act supersedes the provisions of the 1982 Joint Communiqué between the United States and the China. This would be seen as a repudiation of a critical and stabilizing element of long-standing U.S. policy towards China, increasing risks at a time of heightened tensions.
- Relations with Vietnam. Section 1214, concerning the use of funds to further normalize relations with Vietnam, unduly restricts the President's ability to pursue national interests in Vietnam, and in particular could threaten the progress that has been made on POW/MIA issues and put U.S. firms at a competitive disadvantage. Legislation which restricts the opening of missions also raises constitutional concerns.
- U.S. Participation in International Organizations. Provisions related to U.S. participation in the United Nations, which provide inadequate funding levels for FYs 1996 and 1997, and unworkable notification requirements would undermine U.S. diplomatic efforts to reform the U.N. and to reduce the assessed U.S. share of the U.N. budget. Furthermore, the provisions could interfere with ongoing Executive-Legislative Branch discussions aimed at achieving a consensus on UN funding and reform issues.
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- Family Planning. The conference report fails to remedy the severe limitations on U.S. population assistance programs placed in the FY 1996 foreign operations appropriations legislation. These restrictions will have a major, deleterious impact on women and families in the developing world. It is estimated that nearly 7 million couples in developing countries, will have no access to safe, voluntary family planning services. The result will be millions of unwanted pregnancies and abortions.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 24, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1675 - National Wildlife Refuge Improvement Act
(Rep. Young (R) AK and 27 cosponsors)

If H.R. 1675, as reported by the Rules Committee (the Young substitute amendment), is presented to the President in its current form, the Secretary of the Interior will recommend that he veto the bill.

H.R. 1675, as reported by Rules Committee (the Young substitute amendment), would greatly weaken the U.S. Fish and Wildlife Service's ability to protect the National Wildlife Refuge System from harmful activities. The Young substitute amendment does not address many of the bill's fundamental problems and creates significant new problems by:

- Eliminating consideration of the "public interest" in opening wildlife refuges to recreational interests.
- Establishing an unneeded exemption process to facilitate expanded military use of refuge lands, despite no showing that military needs are not currently being accommodated.
- Calling into question the validity of existing reserved water rights of individual refuges and thus undermining the ability of the Service to provide suitable habitat for the species on such refuges.
- Allowing some present and future refuges to be transferred to the States as "coordination areas" to be managed free from the provisions of refuge law.
- Restricting the needed expansion of the System by imposing new limits on the use of the Land and Water Conservation Fund monies for refuge acquisition.

- Elevating certain public uses of refuges, including hunting and trapping, into purposes of the System.
- Compromising the process for determining whether certain recreational uses are compatible with refuge purposes and should be allowed at any given refuge.
- Waiving refuge law to allow the dumping of chemicals into aquatic habitats on refuges in order to kill certain nuisance species.

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(sent)
March 19, 1996
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2202 - Immigration in the National Interest Act (Smith (R) Texas and 129 cosponsors)

The Administration has serious concerns with H.R. 2202 as reported by the Judiciary Committee. These concerns are described below and in the Attachment. The Administration will work with the Congress to seek adoption of amendments that satisfactorily address these concerns.

If H.R. 2202 were presented to the President with the Agriculture Committee's amendment creating a new agricultural guestworker program, the Attorney General and the Secretary of Labor would recommend that the bill be vetoed. The Administration strongly opposes a new agricultural guestworker program because it would: (1) reduce work opportunities for U.S. citizens and other legal residents; (2) depress wages and work standards for U.S. farmworkers; (3) not be a sustainable solution to any labor shortage that might develop; and (4) increase illegal immigration. However, the Administration is prepared to work with all interested parties, including the Congress, as appropriate, to address ways to improve the existing H-2A program in a way that will not jeopardize worker protections.

Illegal Immigration

Many provisions of H.R. 2202 are similar or identical to the President's 1995 legislative proposal, comprehensive enforcement initiatives, and overall strategy to deter illegal immigration. To reverse decades of neglect, the Administration's strategy calls for regaining control of the Nation's borders; protecting legally employed workers by improving worksite enforcement; aggressively pursuing the removal of criminal aliens and other illegal aliens; and securing from Congress the resources to assist States with the costs of illegal immigration. The President's strategy is already being implemented and making sure and steady progress toward achievement of its goals.

Legal Immigration

The Administration supports the bill's objective of a moderate reduction in the overall level of legal immigration. However, the Administration endorses a framework of legal immigration that respects our immigration traditions. The Administration has significant objections, as described in the Attachment, to the manner in which H.R. 2202 would achieve the overall reduction. The Administration seeks legal immigration reform that: (1) promotes the strength of families and their values through family reunification;

(2) protects U.S. workers from unfair competition while providing employers with appropriate access to international labor markets to promote U.S. global competitiveness; and (3) promotes naturalization to encourage full participation in the national community.

H.R. 2202 fails in several respects to satisfy these principles:

- It drastically and unnecessarily restricts the ability of U.S. citizens to reunite with family members, even close family members such as parents and some children. In addition, an equitable process should be established to address existing waiting lists of family members of U.S. citizens -- including brothers and sisters of adult citizens -- that recognizes that these individuals "played by the rules" of this country's legal immigration system.
- It fails to protect U.S. workers. The Administration supports reform that provides incentives to employers to prepare and hire American workers for the high skilled jobs and high performance workplaces of the future. Such reform should provide business and the scientific community with a safety valve of access to foreign labor markets to meet skill demands that the U.S. workforce cannot supply in sufficient quantity or with sufficient speed. The Administration believes that it should be the rare exception, rather than the rule, that employers hire foreign over U.S. workers. The Administration is concerned that the rule proposed for the bill does not even provide Members of Congress the opportunity to vote to protect U.S. workers.
- It fails to recognize the role that naturalization can serve to advance the Nation's immigration policy. For example, the Administration proposed utilizing naturalization as a mechanism for reducing family reunification backlogs. By failing to utilize this mechanism, H.R. 2202 unnecessarily dedicates slots to the legal permanent resident category that could be used to reunite U.S. citizen families. The Administration believes that the Federal Government should help eligible legal immigrants become citizens, achieve and maintain self-sufficiency, and participate and contribute fully as members of the national community.

Asylum and Refugees

Protecting individuals with a genuine fear of persecution is a basic tenet of our Nation's heritage and the Administration's policy. The Administration strongly opposes any provision that would invalidate a claim for asylum, regardless of the merits of the claim, if it is filed after a deadline. The Administration's asylum reforms already are addressing misuse of the system and applications declined by 57 percent in 1995. Any asylum application deadline is contrary to our country's humanitarian principles and would divert resources from addressing real abuse to needless disputes over the date the applicant entered the United States.

Eligibility for Benefits

The Administration has a number of concerns about the provisions of H.R. 2202 relating to immigrants' eligibility for government benefits. While the Administration appreciates and supports that H.R. 2202 does not impose an outright ban on benefits, as proposed under other legislation, the Administration continues to have concerns with these provisions. The Administration is committed to strengthening the "deeming" requirements, under which an immigrant's income is deemed to include the income of the sponsor.

Concerns remain, however, that the bill as currently drafted may jeopardize immigrants' health and safety and create a significant administrative burden on social service providers. For these reasons, the Administration strongly opposes applying new deeming rules to the Medicaid program and other non-cash assistance programs, including public health and in-kind social services programs. It is simply unworkable. In addition, the Administration also opposes applying new deeming rules to current recipients; the disabled (who are exempt under current law); and legal immigrants seeking to participate in student financial aid programs.

Pay-As-You-Go Scoring

H.R. 2202 would affect direct spending and receipts; therefore, it is subject to the "pay-as-you-go" requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's scoring of this legislation is under development.

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ATTACHMENT: Issues to be Addressed in Amendments to H.R. 2202

Work Authorization Verification and Worker Enforcement

- Require verification systems to have adequate privacy and anti-discrimination protections as prescribed by the Attorney General.
- Increase penalties for both immigration-related employment discrimination and employer sanctions violations. Failure to increase the discrimination penalties could create a financial incentive for employers to discriminate in order to avoid employer sanctions.
- Provide worksite enforcement personnel and resources sought by the Administration to help replace illegal workers with legal workers and to fight worker exploitation in sweatshops and other exploitative employment circumstances.
- Clarify when it is appropriate for an employer to request additional employment eligibility or identity documentation from a job applicant or employee who presents documentation that appears to be genuine.

Migration Control Provisions

- Delete the deadline on applying for asylum. This provision would create needless protracted litigation regarding an alien's date of entry rather than on the merits of the asylum claim.
- Restore withholding of deportation to continue the Nation's proud tradition of providing protection to true refugees. The elimination of this mechanism could cause the United States to violate its obligations under the 1967 United Nations Protocol Relating to the Status of Refugees.
- Eliminate the ceiling on annual refugee admissions levels which arbitrarily restricts the Administration's flexibility to respond to changing international events.
- Make the Attorney General's authority for expedited exclusion a stand-by authority, to be used selectively as needed in immigration emergencies. The provision in H.R. 2202 is unnecessarily broad and would result in a considerable diversion of INS resources.
- Preserve the Attorney General's parole authority in order to maintain the ability to respond quickly and appropriately to compelling immigration emergencies.

Legal Immigration

- In the interest of family reunification, maintain family-sponsored visas for adult children of U.S. citizens and unlimited visas for parents of U.S. citizens. In addition, establish an equitable process to address existing waiting lists for fourth preference visas (for brothers and sisters of adult citizens).
- Delete the requirement that U.S. sons and daughters who sponsor their parents purchase health insurance comparable to Medicare parts A and B and long-term care insurance comparable to Medicaid. Due to the high cost and limited availability of comparable health and long-term care insurance of this kind, this requirement would limit family reunification only to wealthy Americans.
- Allow 100,000 employer-sponsored visas per year to address the needs of American businesses and workers. Congress should periodically review and, if warranted, adjust the level of employment-based immigration to continue to address these needs.
- Provide a new method of labor market screening for selection of skilled employment-based immigrants that relies more on market-based incentives. The incentives should discourage employers from abandoning the domestic workforce in favor of foreign labor and prohibit firing U.S. workers to replace them with imported workers. The employment-based immigration system should promote training for U.S. workers in those occupations where the need for immigrant workers clearly signals defects in the Nation's skill-building system.
- Adopt three amendments to the H-1B (professionals employed in specialty occupations) nonimmigrant program: (1) prohibit employers from obtaining nonimmigrant workers if they have laid off similarly employed U.S. workers within specified time periods; (2) a requirement that employers make reasonable efforts to recruit and retain U.S. workers before they seek skilled foreign temporary workers; and (3) a reduction in the permissible length of stay for nonimmigrant workers to better reflect the temporary nature of the employment need.

Eligibility for Public Benefits

- Replace the provisions restricting immigrants' eligibility for public benefits with the Administration's proposal, which would:
 - ▶ Adopt a definition of eligible alien and apply this definition to only the four primary needs-based programs -- AFDC, SSI, Medicaid, and Food Stamps. This approach would eliminate significant administrative burdens on social service providers.

- ▶ Apply the deeming provision only to SSI, AFDC, and Food Stamps. Medicaid and other programs where deeming would adversely affect public health and safety would not be affected.
- ▶ Exempt from the application of new eligibility and deeming provisions those aliens who are: (1) current recipients under programs to which the new provisions would apply; (2) disabled, who are exempt under current law; and (3) seeking student financial assistance for post-secondary education.
- ▶ Protect every child's right to full participation in free public elementary and secondary education, including pre-school and school-related nutrition programs.
- ▶ Not include the requirement that a sponsor demonstrate the means to maintain an annual income of at least 200 percent of the poverty level in order to sponsor an immigrant. This requirement is too restrictive and runs counter to the Administration's goal of family reunification.

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July 25, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2391 - Working Families Flexibility Act of 1996 (Ballenger (R) NC and 46 cosponsors)

The Administration strongly opposes H.R. 2391. If the bill were presented to the President in its current form, the Secretary of Labor would recommend that it be vetoed.

Although entitled the "Working Families Flexibility Act of 1996", H.R. 2391 would disproportionately grant rights to employers, not workers:

- H.R. 2391 fails to protect a worker's right to choose overtime compensation or compensatory time-off. In particular, H.R. 2391 would allow employers to decide when workers could use their earned compensatory time-off by objecting if it "unduly disrupts" the employers' operations. An employer could choose to cash out compensatory time-off over 80 hours, which has already been earned and relied upon by the worker, thereby eliminating true worker choice.
- H.R. 2391 also does not provide adequate assurances that workers will receive the compensation they are due. For example, the bill does not provide any protections against certain industries with long histories of Fair Labor Standards Act violations and abuses of vulnerable workers.

Finally, H.R. 2391 would permanently authorize the option of allowing compensatory time-off in lieu of overtime compensation without any plan to evaluate its potential impact on worker's earnings or ability to use earned compensatory time-off.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 23, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3049 - Institute for American Indian and
Alaska Native Culture and Arts Development Act
(Reps. Goodling (R) PA and Kildee (D) MI)

The Administration strongly opposes House passage of H.R. 3049 because the bill raises serious constitutional concerns under the Appointments Clause. If H.R. 3049 is presented to the President, the Department of Justice would recommend that he veto the bill. H.R. 3049 would permit individuals, who the President has not nominated, to become members of the Institute's Board of Trustees. This appointment scheme would intrude upon the President's authority to appoint officers of the United States, and vest the Institute's policy making and administrative authority in individuals who have neither been appointed nor confirmed.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 7, 1996 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3019 -- BALANCED BUDGET DOWN PAYMENT ACT II
(10th Continuing Resolution)

(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 3019, the Balanced Budget Down Payment Bill, II, FY 1996.

Five appropriations bills for FY 1996 have not been completed. We are now nearly halfway through the fiscal year, and we have operated under nine continuing resolutions. Thirteen of the fourteen departments receive some or all of their funding under the current continuing resolution. The resulting uncertainty has impaired the ability of our Federal agencies and State and local governments to provide critical services to the public. The Congress must not continue to govern by continuing resolution.

The Administration is committed to working with the Congress to produce a bill that the President can sign. Clearly, however, many complicated and difficult issues remain to be resolved. The Administration hopes that the congressional leadership will work with us to resolve them. Regrettably, however, for the reasons discussed below, if the bill were presented to the President in its current form, he would veto it.

Funding for the Administration's Priorities

The House bill still falls short -- by over \$7 billion -- of funding the Administration's priorities. The Administration continues to support investments in critical programs that promote education, children, and training; the environment; crime programs, including the COPS program; veterans programs; and research and technology. Funding provided by the House bill for these critical areas is unacceptable.

The Administration has proposed that the additional funding for these programs be fully offset and thereby not add to the deficit. Toward that end, the Administration has made available to the Committee a list of potential offsets. The Administration is committed to working with the Congress to identify acceptable offsets for this spending.

The Administration believes that funding for these priority programs should be provided directly and not made contingent upon a set of conditions being met in the future. Contingent appropriations would only further impair the ability of Federal, State, and local governments to restore responsible fiscal policies.

Legislative Riders

All of the remaining unenacted appropriations bills still include legislative riders that the Administration opposes. The House bill retains virtually all of these provisions. If the Administration is to reach agreement with the House on this bill, the remaining objectionable issues, discussed more fully in previous written and other communications with the Congress, must be dropped or modified in an acceptable manner.

In a few cases, the House bill contains marginal changes in language issues. The Administration notes that, in particular, the Committee has made changes to several riders in the Interior section of the bill, but the language continues to contain unacceptable policy on environmentally sensitive issues as in the case of the Tongass National Forest provision.

The Administration understands that an amendment may be offered on the House floor to strike the provision that would change existing law by allowing States to deny Medicaid funding for abortions to victims of rape and incest. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest and would support the amendment to strike this provision.

The House bill would cap loan volume in the direct student loan program at 40 percent of total student loan volume and would cap at \$260 million the 1996 amount available to run loan programs. The cap on loan volume would prevent the 500 new schools already committed to direct lending from starting to make loans on July 1, 1996. The cap on administrative expenses would effectively terminate direct lending by cutting off funding of operating contracts.

The Administration also opposes the amendment made in order in the rule that would create new, unduly burdensome, confusing and potentially overly broad reporting requirements for nonprofit and for-profit Federal grantees. These onerous reporting requirements would go substantially beyond anything generally required under the recently enacted Lobbying Disclosure Act, and would apparently apply to lobbying of State and local governments as well as the Federal government.

Bosnia/Jordan

The Administration appreciates the prompt action by the House on the supplemental request to secure funding associated with the Bosnia peace implementation plan, the Jordan aircraft sale, and recent natural disasters. The House is strongly encouraged to provide the full funding request of \$140 million for the Jordan supplemental and the multi-year procurement authority for the C-17 aircraft.

The Administration is eager to work with the Congress to provide funding through the end of the fiscal year for agencies funded by the five unenacted bills, including the District of Columbia bill, before the current continuing resolution expires on March 15, 1996.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 13, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3230 - National Defense Authorization Act
for Fiscal Year 1997
(Reps. Spence (R) SC and Dellums (D) CA)

The Administration supports prompt congressional consideration of its national defense authorization legislative proposal for FY 1997. As reported by the Committee on National Security, however, H.R. 3230 raises serious budget, policy, and management concerns. The President's senior advisers would recommend that he veto a final conference bill that fails to address the concerns set forth below.

Of particular concern, H.R. 3230 would: (1) authorize excessive Defense funding levels that are contrary to the President's budget priorities; (2) constrain the President's efforts to maintain a sound policy on ballistic missile defense and to implement important arms control treaties; (3) establish discriminatory and inequitable personnel policies; and (4) raise constitutional concerns.

Funding Levels

As proposed in the President's FY 1997 Budget, the Administration firmly believes that it is possible to maintain a strong defense without sacrificing important domestic programs. The Administration strongly objects to the approximately \$12.5 billion in funding increases proposed in the reported version of H.R. 3230. Specifically, the House Committee's version of the bill would seriously undermine the President's goal of a balanced budget that provides for a strong defense, as well as other programs needed to provide all Americans with a higher standard of living.

About \$8 billion of the increase in funding above the President's request is for procurement, in part for the acquisition of weapon systems and equipment that are not in the long range plans of the Department of Defense, including National Guard and Reserve Equipment; OH-58D, AH-64 and CH-47D helicopters; F-15E and F-16C/D fighter aircraft; WC-130 weather aircraft; and the Armored Combat Earthmover. Many of the proposed increases for R&D programs are also not needed, including \$350 million to speed deployment of defenses against strategic missiles in anticipation of a threat that the intelligence community believes is not likely to materialize within the next 15 years. The additional \$900 million for military construction programs also is objectionable because many projects are not in the Department's future construction plan.

Strategic Defense and Arms Control

There are a number of provisions that would infringe upon the President's constitutional prerogatives. These include restrictions on implementing the ABM Treaty and a legislated standard for interpreting the ABM Treaty while the Administration is negotiating with Russia on this issue.

The bill would also preclude any agreement to "multilateralize" the ABM Treaty, i.e., allow all successor states to the Soviet Union to become signatories, without resort to the treaty making powers of the United States. The Administration is not attempting to amend the Treaty to admit new states, but is recording that several successor states to the former Soviet Union chose to participate. A restriction has not been applied to other treaties, such as the Conventional Forces in Europe (CFE) and the Intermediate-Range Nuclear Forces (INF) treaties, that were adjusted after ratification by the United States.

H.R. 3230 would also prohibit the Administration from retiring any strategic systems in FY 1997. This would prevent implementation of the START II Treaty which is expected to enter into force this year. If so, the current provision would conflict with the Senate resolution of ratification for START II, raise serious international legal issues, and endanger implementation of the major nuclear reductions which have been judged by the President and the Senate to be in the national security interest of the United States. In addition, this measure would require Defense to retain more B-52s than the Administration believes necessary even if START II does not enter into force this year.

H.R. 3230 supports but does not fully fund the Administration's Cooperative Threat Reduction (CTR) program -- an important and highly effective means of enhancing security through eliminating foreign nuclear weapons systems and preventing weapons proliferation. The Administration strongly opposes amendments that would impose restrictions or certification requirements that would halt or delay the CTR program or further reduce funding for the program.

Personnel-Related Provisions

Homosexuals in the Military

The Administration strongly opposes the provision that would reverse the Administration's current policy regarding homosexuals in the armed forces, commonly known as "Don't Ask, Don't Tell". There is no compelling military rationale for reversing this Department of Defense policy.

Human Immunodeficiency Virus (HIV)

The Administration strongly opposes the provision which requires the involuntary separation of military personnel living with HIV. This provision is discriminatory to service members and their families, violates the equal protection component of the Fifth Amendment of the Constitution, serves no military purpose, is not medically required, and deprives the military services of trained and experienced personnel who can only be replaced at an increase in cost. Furthermore, for military personnel with less than 15 years of service, the bill would not grant these military members and their families access to Department of Defense medical services and other retirement benefits.

Phased Retirement

The Administration strongly opposes section 335 because it would allow Defense to re-employ, on a part-time basis, a limited number of retired employees and allow them to receive a partial annuity paid from the retirement trust fund. This would create inequities among civilian employees and set an undesirable government-wide precedent. In addition, by increasing the number of people retiring and reducing payments to the retirement fund, this provision would increase the deficit. Finally, current law allows for phased retirement; this provision would be inconsistent with existing Administration phased retirement initiatives.

Constitutional Concerns

Section 343 of the bill raises serious constitutional and administrative concerns by limiting the periodicals, audio or video recordings, or films, that may be sold in, or rented on, property under the control of the Secretary of Defense.

Other Objectionable Items

Micromanagement of the Department of Defense

The Administration opposes the Spence amendment regarding the White House Communications Agency. The amendment would limit funding to telecommunications support to the President and Vice President and other officials specified by the President.

H.R. 3230, through a host of onerous provisions, would undercut the Secretary's managerial authority and seek to micromanage Defense operational programs. Most significantly, the bill would terminate the Defense Business Operations Fund in FY 1998. The bill would also: (1) impose end strength floors on military technicians; (2) require the retention of employees at closing bases transferred to the National Guard; (3) require arbitrary civilian personnel reductions in the Office of the Secretary of Defense and the acquisition workforce; (4) reduce the Secretary's ability to manage the size of the military forces; (5) require the Department to procure the last 80 C-17 strategic airlift aircraft in 6 years rather than 7 years; (6) impose

unnecessary restrictions on the new attack submarine; and (7) require procurement of only U.S. built ships, including an unrequested ship in FY 1997, for the Marine Corps' Maritime Positioning Squadrons.

The Administration opposes a portion of section 1211 of H.R. 3230, which adds a new chapter to title 10. The last sentence of section 10171(b) of this new chapter mandates the commander of the Army Reserve Command to report directly to the Chief of Staff of the Army. The Administration recommends that this sentence be deleted and the status quo maintained. The Secretary needs to retain maximum flexibility to manage the Department of Defense.

Information Technology Management Reform Act

H.R. 3230 would amend the Information Technology Management Reform Act of 1996 (ITMRA) to exclude systems which process classified information from inter-agency assistance and the use of standards (for other than security). This exemption was considered during ITMRA's development. It was not accepted because it would isolate classified systems from other systems (for other than security reasons), lead to costlier systems, and decrease reliance on commercial products.

Privatization

H.R. 3230 does not include various provisions proposed by the Administration to enhance Defense's efforts to improve program efficiency through privatization. The Administration urges the Congress to adopt these provisions.

Department of Energy (DOE) Programs

The bill would eliminate DOE's funding for vital international nuclear safety programs, unduly restrict the discretion of DOE's laboratory directors to conduct vital basic research (by reducing laboratory directed research and development funds), and hamper management of the Department.

The bill would authorize \$165 million more than the President's FY 1997 Budget, while eliminating funds for certain international nuclear programs, including funds to prevent additional Russian production of weapons grade plutonium. Sections 3151 through 3157, and section 3138 would dramatically restructure the relationship between DOE headquarters and its field offices in an unworkable manner. These changes would not streamline DOE's operations and would increase overall costs. Section 3133 anticipates the outcome of an ongoing Environmental Impact Statement. Funds for headquarters direction of Environmental Management programs would be reduced by an unwarranted 60 percent.

The Administration, as it continues its review of the bill, may identify other issues, and will work with the Congress to address these concerns and to develop a more acceptable bill.

The Administration appreciates the the Committee's support for the military pay raise and quality of life initiatives designed to improve military compensation and living conditions. The Administration also appreciates the Committee's support for the Joint United States/Israeli Nautilus Laser program, which is designed to shoot down short range projectiles such as Katyusha rockets.

Pay-As-You-Go Scoring

H.R. 3230 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimates for this bill are presented in the table below.

	<u>Pay-As-You-Go Estimates</u>					
	(\$ millions)					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>1997-2001</u>
Direct Spending	-1	-1	-1	-1	-2	-6



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 4, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3308 - U.S. Armed Forces Protection Act of 1996
(Longley (R) ME and 29 others)

If H.R. 3308 were presented to the President, the Secretary of Defense and the Attorney General would recommend that the bill be vetoed. H.R. 3308 would impermissibly seek to limit the President's authority to determine the command arrangements of U.S. Forces participating in United Nations operations. While under no circumstances will the President ever relinquish his command authority over U.S. forces, as Commander-in-Chief, he must have the discretion to place U.S. military units under limited, temporary operational control of foreign commanders, if that is the most effective way to ensure unity of command and U.S. security interests. Notwithstanding the waiver provided by the bill, H.R. 3308 would attempt to infringe on the President's constitutional authority as Commander-in-Chief, could place U.S. and allied lives at risk during coalition operations, and would purport to restrict U.S. flexibility to respond appropriately to international crises.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 8, 1996 (SENT.)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3322 - Omnibus Civilian Science Authorization Act (Walker (R) PA and 4 cosponsors)

If H.R. 3322 were presented to the President in its current form, the Secretary of Commerce, the Administrator of the National Aeronautics and Space Administration, the Administrator of the Environmental Protection Agency, the Director of the National Science Foundation, the President's Science Advisor, and the Director of the Office of Management and Budget would recommend that the bill be vetoed because of its devastating impact on Federal investments in science and technology.

H.R. 3322 would undermine economic growth, job creation, protection of the environment, and improvements in the quality of life for all Americans. The bill would reverse the tradition of unwavering, bipartisan commitment to U.S. leadership in science and technology. The most objectionable elements of H.R. 3322 are described below.

Commerce Civilian Technology Programs

H.R. 3322 does not provide any FY 1997 appropriations authorizations for the Commerce Department's Advanced Technology Program (ATP), the Manufacturing Extension Partnership (MEP), or the Technology Administration. The President's FY 1997 Budget requests \$345 million for ATP -- an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. ATP is a rigorously competitive, cost-shared program that fosters technology development, promotes industrial alliances, and creates jobs. The President's Budget requested \$105 million for MEP to complete a national network of centers providing technology and business assistance to the Nation's 381,000 smaller manufacturers. The Technology Administration, which is funded in the President's Budget at \$9.5 million, provides technology advocacy and analysis for U.S. industry at a time of increasingly fierce global competition.

National Oceanic and Atmospheric Administration (NOAA) Programs

The bill would undermine NOAA's ability to protect the environment and provide services to the American public. While the amendment deleting provisions of the committee reported bill that would have had devastating impacts on NOAA's ability to manage marine, ocean, and coastal resources is an improvement, H.R. 3322 would still render NOAA unable to successfully implement its mission requirements. H.R. 3322 would unnecessarily delay National Weather

Service Modernization and jeopardize satellite continuity. This initiative, through deployment of cutting edge technology, has greatly improved forecasts which lead to lives and property saved. The bill would also fail to authorize NOAA funds for the Global Learning and Observations to Benefit the Environment (GLOBE) program and would impose cuts across NOAA that could lead to significant downsizing and reductions in force.

National Aeronautics and Space Administration (NASA) Programs

H.R. 3322 would reduce the FY 1997 appropriations authorization for the NASA's Mission to Planet Earth Enterprise by almost \$374 million, a reduction of nearly 27 percent. This would severely undermine NASA's ability to carry out this program to observe, document, understand, assess, and predict environmental change. The bill's major reductions in NASA's Aeronautical Research and Technology, salaries and expenses, and construction of facilities would disrupt NASA operations. While the Administration strongly supports commercial buying practices, the Administration is concerned that sections 255 and 257 could be interpreted to require NASA to establish new procurement rules inconsistent with generally applicable procurement law.

Environmental Protection Agency (EPA) Programs

The bill would reduce the President's Budget request for EPA's science and technology activities by almost \$92 million, a reduction of 16 percent below the FY 1997 request. The reduction includes termination of planned funding for innovative environmental technologies, the climate change action plan, indoor air pollution research, and several other activities. The authorization for global change research would be dramatically reduced. The environmental technology initiative would spur development of new technologies to protect public health and environmental quality, reduce costs, and create new American jobs in this country and in export markets.

National Science Foundation (NSF) Programs

H.R. 3322 would significantly reduce the appropriations authorizations for NSF's research programs, educational activities, and construction of major research equipment. These reductions are inconsistent with the President's investments in science and technology to maintain the Nation's competitive edge. The bill would also interfere with the Foundation's ability to effectively manage its programs through reductions in its workforce and unwarranted organizational restructuring. In addition, changing the name of the NSF to the National Science and Engineering Foundation would cause a decline in the Foundation's name recognition and would also cause confusion over the Foundation's mission.

Other Objectionable Provisions

The prohibition in section 901 on the use of funds authorized by H.R. 3322 to "influence legislation pending before the Congress" except for certain "requests for legislation or appropriations" should be deleted. This overly broad prohibition, if applied literally, would inappropriately and unnecessarily limit the ability of departments and agencies to advise Congress

and the public of their views on pending legislation. This provision is especially troublesome insofar as it would purport to constrain the constitutional authority of the President to communicate his views through subordinates to Congress and the American people.

The requirement in section 222(b) that the President propose legislation by September 30, 1996, to implement a NASA report on restructuring activities should be deleted. This provision would interfere with the President's constitutional authority to recommend to Congress "such measures as he shall judge necessary and expedient".

Section 453, creating a new coordinating advisory council for oceanographic programs, is unnecessary and should be deleted. Further, the method of appointing members to the National Ocean Research Council and the Ocean Research Partnership Coordinating Group is not consistent with the Appointments Clause of the Constitution.

The Administration supports efforts to amend H.R. 3322 consistent with the President's FY 1997 budget.

Pay-As-You-Go Scoring

H.R. 3322 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go (PAYGO) requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary estimate is that H.R. 3322 would increase direct spending by \$2 million in FY 1997. Final scoring of this legislation may differ from this estimate.

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September 26, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3752 - American Land Sovereignty Act of 1996
(Young (R) AK and 27 cosponsors)

If H.R. 3752 were presented to the President, the Department of the Interior would recommend that the bill be vetoed.

The Administration strongly opposes H.R. 3752, which would impose unnecessary restrictions on the existing legal and administrative framework that implements U.S. commitments to international environmental cooperative efforts. This bill could significantly reduce U.S. leadership and influence in global conservation and is counter to the U.S. role in global environmental cooperation.

H.R. 3752 is based upon the faulty premise that the World Heritage Convention, the Biosphere Reserve Program, and other international conservation agreements threaten the United States' sovereignty over its lands. There are several reasons why these agreements do not encroach upon U.S. sovereignty:

- International agreements, such as the World Heritage Convention, and programs, such as the U.S. Man in the Biosphere Program, do not give the United Nations the authority to affect land management decisions within the United States and have in no way been utilized to exclude Congress from land management decisions, nor could they do so.
- The nomination processes for international conservation designations are consultative in a nature and based on demonstrated commitment at the local level.
- International site recognitions do not affect land use decisions by the local governments, tribes, or private property owners, and are subject to applicable domestic laws.
- International site recognitions do not impose restrictions on land use or stop economic growth. To the contrary, World Heritage sites and U.S. Biosphere Reserves have been embraced in many local areas as value-added designations, increasing partnership among Federal, State and local governments, and private property owners for mutual benefit and have contributed to an increase in international tourism, which is especially vital to rural economies.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 25, 1996 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4134 - Authorizing States to Deny Public Education Benefits to
Aliens Not Lawfully Present in the United States
(Gallegly (R) CA)

If presented to him, the President would veto H.R. 4134 for the reasons stated his August 2, 1996 letter which is attached.

THE WHITE HOUSE

WASHINGTON

August 2, 1996

Dear Mr. Speaker:

Reversing decades of neglect, this Administration has dedicated unprecedented resources and enforcement effort to curtailing illegal immigration. Our comprehensive strategy to restore the rule of law to illegal immigration enforcement has done more in three years than was done in thirty years before. It includes:

1) Gaining control of our borders. This Administration is deploying more Border Patrol agents than any previous Administration. In FY 1996, we will deploy an additional 1,000 new and reassigned agents. Overall, the Administration has increased the number of Border Patrol agents at the southwest border by 40% since 1993. For the first time, Border Patrol agents are being equipped with the high technology resources needed to do the job, including sensors, night scopes, computers and encrypted radios. Strengthened anti-smuggling efforts have reduced the criminal transport and exploitation of smuggled aliens.

2) Safeguarding the interests of legal workers. This Administration is the first to initiate effective enforcement of employer sanctions and worksite standards. In addition, I issued an Executive Order to keep federal contracts from going to businesses that knowingly hire illegal workers. We are also testing a computer work authorization verification system and are creating more fraud-resistant immigration documents.

3) Removing criminal and other deportable aliens from the country. In 1995, this Administration removed a record number of criminal and other illegal aliens from this country -- 74% more than in FY 1990.

Most of H.R. 2202, the Immigration in the National Interest Act, supports the steps we have taken. I continue to urge Congress to pass these provisions and present me with the additional tools that I need to continue the progress we have made.

However, there is a right way and a wrong way to fight illegal immigration. The Gallegly Amendment and the compromise being considered during the conference process would result in

The Honorable Newt Gingrich
Page Two

kicking children out of school and onto the streets. The street is no place for children to learn; children should be in school. This proposal is an unacceptable and ineffective way to fight illegal immigration. And the proposed compromise -- which will still require states to verify the immigration status of all children, and permit states to exclude those who cannot afford to pay tuition -- is as objectionable as the original provision. Congress should reject it.

If the immigration bill contains this provision, I will veto it. We can agree on so much in the legislation that would help what we are already doing. Let us move forward with illegal immigration enforcement legislation without this misguided measure.

Sincerely,



The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515



July 24, 1996 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3816 – ENERGY AND WATER DEVELOPMENT ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1997

(Sponsors: Livingston (R), Louisiana; Myers (R), Indiana)

This Statement of Administration Policy provides the Administration's views on H. R. 3816, the Energy and Water Development Appropriations Bill, FY 1997, as reported by the House Appropriations Committee. For the reasons discussed below, the Secretary of Energy would recommend that the President veto the bill if it were presented to him in its current form.

Department of Energy

The Administration strongly opposes the Committee's action that would undermine progress in the nuclear waste program, eliminate funding for international nuclear safety programs, drastically reduce funding for solar and renewable energy research, and impair the Department of Energy's (DOE's) ability to carry out its missions.

The Administration opposes language in the bill that is intended to make the availability of a significant portion of the funds for the nuclear waste management program (authorized by the Nuclear Waste Policy Act) contingent upon congressional enactment of a subsequent authorization bill. This language would appear to be an attempt to force the President to sign an undefined and unacceptable nuclear waste bill that Congress may not be able to enact. This language could result in the immediate suspension of ongoing work at the Yucca Mountain site plus a lengthy and costly delay in solving the Nation's commercial nuclear waste problem.

The Committee mark does not provide any of the \$66 million requested by the Administration to assist nations of Eastern Europe and the former Soviet Union in improving the safety of Soviet-designed nuclear reactors. Eliminating funds for this vital program, which is designed to avoid a repeat of the Chernobyl disaster, would be extremely unwise.

The Committee bill would reduce funding for wind energy, just as new DOE-sponsored technologies for using this clean energy source are beginning to produce tangible environmental and economic benefits, including climate change mitigation. Overall, the Committee would reduce funding for research in solar and renewable energy by \$132 million from the President's

request of \$363 million. By threatening development of these advanced renewable technologies, which have a large export market, these short-sighted funding cuts would reduce new jobs and undermine efforts to protect human health.

The Committee mark would drastically cut funding for Departmental Administration, as well as program direction funds for several other programs. The Administration shares the Committee's support for assuring the financial integrity of the Department. However, the reduction of more than \$50 million to Departmental Administration would severely impair the Department's ability to perform its mission and maintain its financial management responsibilities. The proposed reduction would also threaten DOE's plan to downsize rationally. We urge the Committee to restore funding for Departmental Administration to the requested level.

In the past three years, DOE has reduced its contractor workforce by nearly 20,000, and, in the past year alone, its Federal personnel levels by over 1,300. Large additional reductions are planned over the next four years as part of a comprehensive downsizing initiative. The abrupt reductions mandated by the Committee would require large Federal layoffs (RIFs) of well over 1,000 employees and would leave the Department unable to manage adequately its contractors who work at DOE's laboratories, nuclear weapons plants, and cleanup sites.

The Committee bill would cut program direction funds for the Office of Defense Programs and the Office of Environmental Management by over 20 percent. This would leave fewer than 4,000 Federal employees to manage about 100,000 contractor employees who maintain the safety and reliability of the nuclear weapons stockpile and clean up the environmental degradation that has occurred over 50 years of weapons production. In its targeted cuts to headquarters funding for the Office of Environmental Management, the Committee fails to recognize that the Department has already reduced these costs by 36 percent over the past two years.

The Administration opposes the effective reduction of \$47 million (18 percent) for Fusion Energy Sciences. The Administration's request is explicitly responsive to the congressional directive for a restructured program contained in last year's bill, which included a one-third reduction from the Administration's FY 1996 funding request. In addition, the Administration strongly opposes the unprecedented, overly-prescriptive direction of over 80 percent of the fusion program budget. This, together with the large funding cuts, would mean that the program, as directed, could not support the scientific priorities identified by key advisory committees. In addition, university-based research would essentially be eliminated.

The Administration is opposed to the \$18 million reduction (11 percent) to the President's request for the Federal Energy Regulatory Commission. The Committee mark would result in a funding level inadequate to implement the Commission's sweeping initiatives to bring competition to wholesale electricity markets and to the interstate natural gas pipeline industry.

Since the Commission expects an additional \$4 million in carryover balances from FY 1996 to be available at the start of FY 1997, restoration of \$14 million would expedite the Commission's efforts to reduce consumer energy costs by billions of dollars per year.

The Administration opposes the significant reduction in funding for the DOE Office of Inspector General (OIG). The Committee mark of \$24 million is 19 percent below the President's request. The OIG has a successful track record of identifying waste and fraud in DOE programs, as well as in streamlining operations. In FY 1995, for example, OIG actions provided a positive dollar impact of about \$3.4 million per audit employee, providing a payback that far exceeded its operating costs. A reduction this large to the OIG would very likely reduce DOE's ability to improve financial control and assure better program and contract management.

The Administration further objects to the Committee's cutting \$216 million needed to provide full funding for civilian basic science facilities construction; the \$20 million elimination of DOE's University and Science Education Program; and the \$12 million reduction in the Environment, Safety, and Health program.

Army Corps of Engineers

The Administration urges the Committee to trim the list of unrequested projects and to restore funds that the Administration has requested for priority projects, including the Columbia River Juvenile Fish Mitigation Program to restore salmon runs in the Columbia and Snake Rivers and requested construction and study starts. The Administration urges the Committee to use the over \$150 million in unrequested funds that the Committee has provided for the Corps of Engineers construction, studies, and operation and maintenance programs to restore reductions made in other priority Corps and DOE programs.

The Administration urges the House to restore the Committee's \$11 million reduction to the request for the Corps' regulatory program, which would be used to expedite the Corps' permit process. At the Committee's proposed level of funding, the Corps would likely be unable to implement its new process to allow applicants to appeal administratively Corps decisions regarding permits under its wetlands and navigation programs. Currently, appeals must be made through legal action.

Other programs of nationwide benefit for which the Committee has unwisely reduced funding include those in which the Corps provides technical assistance to State and local governments, such as the Flood Plain Management Assistance program. The Administration strongly supports this program and others that foster partnerships among all levels of government.

Bureau of Reclamation

The Administration appreciates the Committee's support of the Bureau of Reclamation's water resources management mission. We object, however, to the deletion from the construction request of \$4.5 million for the Efficiency Incentives program and \$2.5 million for the National Fish and Wildlife Foundation program. The Efficiency Incentives program is needed to help achieve the water conservation objective of the 1992 Reclamation Reform Act. The National Fish and Wildlife Foundation request is needed to fund an innovative Federal/non-Federal partnership that effectively leverages scarce Federal dollars to preserve and restore critical fish and wildlife habitats. In addition, the Administration is concerned about the Animas-La Plata language in the House Committee Report.

Other Independent Agencies

The Administration opposes the Committee's decision to eliminate funding for several independent river basin commissions. In keeping with the need to shift responsibility for local flood control and other projects from the Corps of Engineers to State and local governments, these commissions are representative of the type of State and locally-oriented entities that could assume responsibility for ensuring that the water resource needs of the various regions are met in a coordinated, cost-effective manner.



7B
July 8, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3448 - Small Business Job Protection Act (Archer (R) Texas)

The Administration, while supporting Senate passage of a number of provisions of H.R. 3448 as amended by the Finance Committee, will seek further amendments to the bill. And, as stated in the President's June 28th letter to the Senate, a copy of which is attached, if H.R. 3448 is presented to the President with the minimum wage provisions of the Republican leadership amendment, the President will veto the bill.

The Administration strongly opposes section 1601 of the bill, which would repeal the tax credit related to corporate investments in Puerto Rico while allowing several grandfather rules for existing companies. The Administration urges the Senate to delete this provision and adopt instead the proposal to reform the credit contained in the President's FY 1997 Budget. The Administration's proposal provides tax benefits for new and expanded operations based directly on real economic activity in these underdeveloped areas. The projected revenue savings from the reform of this credit would be used for social and employment training programs in Puerto Rico. Unlike section 1601, the final legislative language concerning the credit should contain effective mechanisms to promote job creation in the islands.

The Administration will also work with Congress to adopt other amendments as described below.

Provisions Supported by the Administration and Additional Recommended Amendments

The Administration supports many of the revenue provisions of H.R. 3448, which are consistent with Administration proposals to strengthen small businesses, simplify pension laws, reinstate incentives for research and development, and improve incentives for education and work opportunities.

In particular:

- Small Business Expensing. The Administration strongly supports the bill's increase from \$17,500 to \$25,000 for the amount of tangible personal property that small businesses can expense. The President supported such an increase in 1993 and in his FY 1997 Budget, although with a faster phase-in.

- **Employer-Provided Educational Assistance.** The Administration supports the temporary extension of the income exclusion for employer-provided educational assistance, including the exclusion for post-graduate level education. The Administration will work with Congress to provide a permanent extension of the exclusion. The Administration also supports a 10 percent tax credit for educational assistance provided under section 127 plans for small businesses with annual gross receipts of \$10 million or less.
- **Research Tax Credit.** The Administration strongly supports full reinstatement of the research tax credit back to its June 30, 1995, expiration date. The Administration will work with Congress to make the credit permanent. The Administration continues to believe that full, permanent reinstatement should take priority over modifications to the credit such as those contained in H.R. 3448.
- **Orphan Drug Credit.** The Administration strongly supports full reinstatement of the orphan drug credit and will work with Congress to make the credit permanent.
- **Gifts of Appreciated Stock to Private Foundations.** The Administration strongly supports this provision and will work with Congress to make it permanent.
- **Work Opportunity Tax Credit.** The provision for a new Work Opportunity Tax Credit addresses many of the criticisms of the prior Targeted Jobs Tax Credit, particularly increasing the period of retention for eligible workers. The Administration will work with Congress to improve the scope and effectiveness of the new credit.
- **Pension Simplification.** Many provisions of H.R. 3448 were included in the President's pension simplification proposal announced in June 1995 at the White House Conference on Small Business. The Administration is concerned, however, that the safe harbor provisions applicable to both SIMPLE and 401(k) plans do not ensure that middle and lower-wage workers will benefit from the provision of tax-advantaged retirement savings plans. The Administration will work with Congress to modify these safe harbors so that employers taking advantage of them are required to provide meaningful coverage to these workers. The Administration is also concerned that the three-year waiver of the excise tax on very large retirement distributions would add complexity and could actually encourage plan sponsors to terminate plans.
- **Subchapter S.** The Administration also strongly supports most of the reforms in the bill relating to Subchapter S (closely held) corporations, and will work with Congress to provide further reforms and to ensure that reforms are appropriately targeted to the intended beneficiaries.

- **Technical Corrections.** The Administration supports the long-overdue enactment of technical corrections to recent tax legislation and will work with Congress to achieve a consensus package of technical corrections.

Objectionable Provisions

- **Classification of Workers for Employment Tax Purposes.** The Administration has concerns about certain changes proposed to section 530 of the Revenue Act of 1978, which provides “safe harbors” under which an employer has a reasonable basis for treating a worker as an independent contractor rather than as an employee for employment tax purposes. The most important concerns are with proposed changes that would: (1) shift the burden of proof to the Internal Revenue Service with respect to the application of section 530; and (2) replace the safe harbor for reasonable reliance on a long-standing practice of a significant segment of the industry with a rigid numerical test.
- **Special-Interest Provisions.** The Administration opposes the inclusion in H.R. 3448 of numerous special-interest provisions.

Revenue Offsets

The Administration has serious concerns with the offset provision in H.R. 3448 that would repeal tax benefits for certain employee stock ownership plans that provide meaningful employee ownership. Several of the offsets -- relating to interest allocations for nonfinancial corporations, tax treatment of expatriates, basis adjustment rules under section 1033, withholding on certain gambling winnings, and reinstatement of airport and airway trust fund excise taxes -- are included in the President’s balanced budget proposal. These offsets should be reserved for deficit reduction and meeting balanced budget goals. In working with the Congress to develop an improved bill that is consistent with the Administration’s recommended amendments, appropriate offsets will be sought.

Proposals Not Addressed in H.R. 3448

In the context of an overall balanced budget plan, the Administration will work with Congress to provide other incentives previously proposed by the Administration but omitted from this bill. Such incentives include the \$10,000 deduction for postsecondary tuition and training expenses, the \$1,500 tax credit for postsecondary tuition, and incentives to revitalize economically distressed areas by cleaning up abandoned, contaminated properties, and creating new Empowerment Zones and Enterprise Communities.

The Administration would also support an amendment to the Foreign Sales Corporation statute as it applies to licenses of software, and will work with Congress to develop an acceptable package, including appropriate revenue offsets.

Pay-As-You-Go Scoring

H.R. 3448 would affect receipts; therefore, it is subject to the "pay-as-you-go" requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's scoring of this legislation is under development.

* * * * *

THE WHITE HOUSE

WASHINGTON

Lyon

June 28, 1996

Dear Mr. Leader:

If we want to make work pay, we must make the minimum wage a living wage. Nearly a year and a half ago, I proposed raising the minimum wage by 90 cents in two equal steps. This increase would honor our values: work, family, responsibility, and opportunity. And it would ensure -- along with the expanded Earned Income Tax Credit -- that no parent who works full-time would have to raise their children in poverty.

A bipartisan group in the House has done their part and voted in favor of raising the minimum wage. For the 10 million workers and their families struggling at or near the minimum wage, the time for the Senate to do its part is long overdue.

We now have a bipartisan majority of Senators in favor of raising the minimum wage. Regrettably, the Senate Republican leadership is planning to offer an amendment that would potentially deny any minimum wage increase to millions of American workers and delay any increase for the remainder until next year. I strongly oppose any measure that would deny a minimum wage increase to those workers who need and deserve it.

Under the Senate majority leadership proposal, employees of fully two-thirds of all firms in the United States -- all businesses with revenues of less than \$500,000 annually -- would not be eligible for an increase in the minimum wage. For millions of American workers, this provision would lock in, for an indefinite period of time, a minimum wage that will be at a 40-year low in real terms. How does that reward working families and honor our values? It doesn't matter the size of your employer, you can't raise a family on \$4.25 an hour. If you send me legislation with this poison pill, I will veto it.

The Honorable Trent Lott
Page Two

The Senate majority leadership bill could also deny a minimum wage increase to every worker for the first six months of their employment with any employer. This is another piece of an apparent strategy to play a game of bait and switch with a minimum wage increase. This provision is more extreme than the House-passed version, which the Administration strongly opposed, and a radical and unacceptable expansion of the "youth training wage" included in the 1989 minimum wage bill. It doubles -- from 90 to 180 days -- the time period during which an employer could deny any new employees the minimum wage increase, and it fails to limit this extended subminimum wage to workers under 20 years of age. It creates a permanent subminimum wage of \$4.25 an hour for every worker without any requirement that the employers train these lower paid workers. In industries where high turnover is common -- like retail -- this provision would create an incentive for employers to drop workers after six months, so that they would never graduate from the subminimum wage. If this provision is included in the bill, I will veto the bill.

The minimum wage is already very close to its lowest real value in 40 years. Inflation has largely repealed the minimum wage increase enacted by an overwhelming bipartisan majority in both houses of Congress in 1989 and signed by President Bush. The first part of our 90-cent increase will not even restore the minimum wage to its value following the last increase. Every day we delay a minimum wage increase, its real value moves closer and closer to a 40-year low. I am determined not to let that happen and will strongly oppose any legislation that delays any increase in the minimum wage until next year. If this provision is included in the bill, I will veto the bill.

I strongly oppose the provision in the Senate majority leadership bill that would deny the minimum wage to "tipped employees" (e.g., waiters and delivery people). It may not seem like much, but to these workers my minimum wage proposal would mean an extra 45 cents an hour. For someone struggling to make ends meet, that's a difference we could never imagine.

The Honorable Trent Lott
Page Three

In addition, I would strongly oppose the provision that would deprive overtime pay to workers who use an employer-owned vehicle to drive from job site to job site during the course of the workday, and I would oppose the provision to diminish the protection of "computer professionals" to receive overtime pay when they work excessive hours.

The American people want the minimum wage increased. A bipartisan majority in Congress wants the minimum wage increased. If we truly value work and family, we should raise the value of the minimum wage now. The Senate majority leadership should drop the poison pills in their amendment and immediately allow an honest up-or-down vote on the minimum wage.

Sincerely,



The Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

PAGE 173
713
June 12, 1996 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3610 -- DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1997

(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

This Statement of Administrative Policy provides the Administration's views on H.R. 3610, the Department of Defense Appropriations Bill, FY 1997, as reported by the House Appropriations Committee. The President's senior advisers would recommend that he veto a Defense appropriations bill that does not address the concerns discussed below.

Even though the Committee has reduced the Subcommittee funding level, the Administration does not support the \$11.2 billion increase over the President's request reflected in the Committee bill. With the Nation facing serious budget constraints, the Committee's recommended increase for this bill is not affordable. The President's budget better supports defense requirements by fully funding current readiness and by projecting significant increases in funding for modernization for the turn of the century. This is when defense technologies now in development will be ready for production. The Administration firmly believes that America can maintain a strong defense without sacrificing vital domestic programs.

About \$5.7 billion of the increase in funding above the President's request is for procurement. To reach this level of increase over the request, the Committee first cut the President's request for procurement by about \$1.5 billion, and then added \$7.2 billion for unrequested items. About \$3.2 billion of the \$7.2 billion increase is for weapons and systems that are not in the long-range modernization plans of the Department of Defense.



July 9, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 295 - Teamwork for Employees and Managers Act
(Kassebaum (R) KS and 24 cosponsors)

The Administration opposes S. 295. If the bill were presented to the President, the Secretary of Labor would recommend that the bill be vetoed.

The Administration supports workplace flexibility and high-performance workplace practices that promote cooperative labor-management relations. The National Labor Relations Act currently permits the creation of employee involvement programs that address workplace quality, productivity, and efficiency, with appropriate employee protections.

S. 295, however, would undermine these protections. The bill would allow employers to establish: (1) company unions where no union currently exists; and (2) alternative, company-dominated unions where employees are in the process of determining whether to be represented by a labor organization. These company-dominated unions would undermine a 60-year tradition of collective bargaining in this country and could undermine employees' rights to elect their own representatives.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 9, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 605 - Omnibus Property Rights Act of 1995 (Sen. Dole (R) KS and 33 others)

The President will veto S. 605 or any similar compensation entitlement legislation that is presented to him.

The Administration is fully committed to just compensation for private property that is "taken" for public use. Under the Fifth Amendment, which guarantees the protection of private property, the Supreme Court has set a constitutional standard that balances the legitimate rights of property owners and important public needs. S. 605, however, is a radical departure from this standard.

The bill would establish a new entitlement program that could cost taxpayers tens of billions of dollars over the next seven years. It would also foster protracted and costly litigation, greatly expand the Federal bureaucracy, and seriously disrupt the implementation and enforcement of environmental, health, safety, and other vital laws.

Under the broad and ambiguous terms of S. 605, almost any Government action could expose agencies to liability: ensuring the safety of airplanes, trains, vessels, and automobiles; regulating the safety of children's toys; protecting livestock from disease and pests; regulating the quality of food and drugs; enforcing civil rights; regulating financial institutions; and enforcing drinking and clean air standards, and other environmental protections which are designed to protect America's 60 million homeowners.

In addition, claims could be made even when an agency action affects only a portion of property, as well as for anticipated property development where no actual loss has occurred. S. 605 would also grant the Court of Federal Claims, an Article I court, authority to invalidate Federal statutes or regulations, raising constitutional concerns.

In sum, S. 605 fails to address the harm that may result from irresponsible or dangerous uses of property and would seriously interfere with the Government's obligation to protect the public interest.

Pay-As-You-Go Scoring

S. 605 would affect direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. Preliminary estimates indicate that the bill's effect could be to increase the deficit by tens of billions of dollars during FYs 1996-2002.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 23, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1271 - Nuclear Waste Policy Act of 1996
(Craig (R-ID) and 25 cosponsors)

If S. 1271 were presented to the President in its current form, the President would veto the bill because it designates an interim storage facility at a specific site before the viability of a permanent geologic repository has been determined.

The Administration is committed to resolving the complex and important issue of nuclear waste storage in a timely and sensible manner. The Federal government's long-standing commitment to permanent, geologic disposal should remain the basic goal of high-level radioactive waste management policy. This Administration has instituted planning and management initiatives to accelerate progress on assessing Yucca Mountain, Nevada as a permanent storage site, and urges the Congress to provide sufficient resources to complete the Yucca Mountain assessments.

S. 1271, however, would effectively establish Nevada as the site of an interim nuclear waste storage facility before the viability of Yucca Mountain as a permanent geologic repository has been determined. Moreover, even if Yucca Mountain is determined to be unsuitable for a permanent repository, the bill would provide no practical opportunity to designate a viable alternative to Nevada as an interim storage site. Any potential siting decision concerning such a facility ultimately should be based on objective criteria and informed by the likelihood of success of the Yucca Mountain repository site.

In addition, the Administration has a number of other serious concerns about the bill. For example, the Administration strongly opposes S. 1271 because it would preempt most environmental laws, including the National Environmental Policy Act, the Clean Air Act, and the Safe Drinking Water Act, and it would remove the EPA from its role in setting human health and environmental safety standards for the repository.

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March 20, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1459 - Public Rangelands Management Act of 1995 (Domenici (R) NM)

The Administration strongly opposes S. 1459 and, if presented to the President in its current form, the Secretaries of Agriculture and the Interior would recommend that the bill be vetoed. S. 1459 would: (1) compromise environmental protection; (2) severely limit public involvement in the management of public lands and resources; (3) emphasize a single use of public lands at the expense of other multiple uses; and (4) impose a morass of red tape and administrative burdens on land managers. These concerns are discussed further below.

The Administration is committed to maintaining healthy and productive public rangelands that support the full spectrum of multiple uses such as livestock grazing, hunting and fishing, fish and wildlife habitat, oil and gas development, hard rock mining, and camping. As part of this commitment, the Bureau of Land Management (BLM) developed, with significant public participation, management changes that balance the needs of ranchers with the interests of other public land users. These reforms went into effect on August 21, 1995 and should be given an opportunity to continue.

By contrast, because S. 1459 emphasizes a single use of the public lands -- livestock grazing -- at the expense of other uses and values, it would negate the Administration's ongoing efforts to appropriately and fairly reform grazing practices on public lands. It would also introduce new uncertainties for livestock permittees and other public land users, and likely lead to controversy and litigation over the management of public lands.

Compromising Environmental Protection

S. 1459 would severely limit the ability of public land managers to modify terms and conditions of a grazing permit to protect multiple uses of public lands and resources. For example, the bill would create new monitoring requirements which would result in costly and time consuming delays before even the most basic of management actions could be taken to protect the environment. The bill would also increase red tape in the administration of the grazing program and would create duplicative processes for the review of resource conditions upon issuance, renewal, or transfer of grazing permits.

The bill would exempt most grazing management activities and decisions at project and allotment management plan levels from the disclosure and public involvement requirements of the National Environmental Policy Act (NEPA). Large land areas would be subject to increased vulnerability to legal challenge on the question of NEPA compliance.

The sweeping water rights language appears to bar managers from opposing transfer of water uses from federal land to private land. It would limit the ability of land managers to ensure access to water sources on Federal land for subsequent permittees and other multiple uses. For example, it could easily result in exclusion of wildlife from scarce water supplies on public lands. The bill would also prevent ranchers from employing proven restoration techniques such as "conservation use".

The bill would also result in a radical overhaul of departmental regulatory regimes. Finally, by separating the National Grasslands from the National Forest System, the bill imposes an unnecessary, time consuming, and costly process for the modification of land management plans and regulations. This process would not improve the ability of the Forest Service to address the unique resource needs of the grasslands.

Limiting Public Involvement in Management of Public Lands

Under S. 1459, participation in the development of grazing allotment management plans would be restricted to grazing permittees/lessees, adjacent landowners, grazing advisory council members, and affected State agencies. The tens of millions of other Americans who use and enjoy public lands would be prevented from meaningful participation in decisions on the use of public lands.

Only permittees/lessees could protest proposed land management decisions. Such a provision leaves disenfranchised public land users with no recourse except time-consuming administrative appeals or costly litigation. Litigation and administrative appeals are a poor substitute for diverse groups of people working together to find common solutions to common problems.

Emphasizing a Single-Use of Public Lands Above Other Multiple Uses

S. 1459 creates single-use grazing advisory councils and mandates that 50 percent of the councils' members be grazing permittees/lessees -- thereby limiting participation by other stakeholders. The bill would broadly exempt grazing management from the oversight, protest, analysis, disclosure, and public involvement requirements that apply to other users of public land.

S. 1459 establishes a new fee formula for grazing on public lands. This formula would also be extended to National Grasslands and eastern National Forests. The formula would generate very little additional Federal revenue and, in fact, provides sheep ranchers with a 30 percent fee reduction. Moreover, the bill allows ranchers who hold a public land grazing permit to sublease those public lands to private interests at a significant profit without any return to the taxpayer.

Livestock grazing has been, and continues to be, an important use of public lands. This bill, however, insulates from needed management changes the relatively small number of permittees who follow poor land management practices. S. 1459 would surely provoke confrontation and litigation among the 26,000 public land livestock operators and the millions of other citizens who use and enjoy public lands.

Increased Administrative Burdens

S. 1459 would create a number of costly administrative burdens for land managers. The creation and management of hundreds of grazing advisory councils would cost an estimated \$5 million annually.

S. 1459 imposes other administrative burdens and bureaucratic costs as well. For example, public land managers could only develop terms and conditions of a grazing permit through Allotment Management Plans. Presently such plans exist for 20 percent of BLM managed allotments. Prior to placing terms and conditions on a grazing permit or lease, Allotment Management Plans would need to be created for the remaining 80 percent of allotments.

Pay-as-You-Go Scoring

S. 1459 would affect offsetting receipts and direct spending; therefore, it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The preliminary OMB PAYGO estimate is presented in the table below. Final scoring of this legislation may deviate from this estimate.

PAY-AS-YOU-GO ESTIMATES (dollars in millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>1996-2000</u>
Outlays	-2	-2	-2	-3	-4	-13

* * * * *



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 31, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1541 - Agricultural Market Transition Act of 1996
(Lugar (R) Indiana and seven others)

New farm program legislation should be enacted immediately to avoid costly disruptions in the 1996 planting season; without a farm program in place, farmers will lack essential information on price supports and acreage eligibility. However, as clearly stated on several occasions, the Administration has serious concerns about several key provisions in S. 1541. Because of these concerns, if the bill were presented to the President in its current form, the Secretary of Agriculture would recommend that he veto it. In particular:

- S. 1541 would damage the safety net that farm programs now provide in stabilizing farm income. Rather than allow federal income support payments to adjust to changes in market conditions, as they do now, S. 1541 would set fixed annual payments that producers would receive, regardless of market conditions. This would have two negative results. First, farmers would receive payments even if market prices are high. Second, if market prices fall, federal payments would not rise, as they do under current law. Family farmers would have to absorb the lost income, thereby creating a "ripple effect" of lost income for rural communities. The bill would also arbitrarily limit benefits to current participants.
- S. 1541 would no longer require participants to have crop insurance -- a major, recently enacted reform. Combined with cuts in the farm safety net, this proposal likely would raise pressure to return to budget-busting, ad hoc disaster payments.

- S. 1541 would limit the Conservation Reserve Program (CRP) -- the largest voluntary conservation assistance program available to farm producers -- to existing contract holders. Even when current CRP participants opt out, USDA could not replace the lost conservation acres with more environmentally significant ones, as the Administration proposes. In addition, the bill would prevent permanent easements under the Wetlands Reserve Program (WRP) by mandating the exclusive use of fifteen year easements. These fifteen year contracts substantially increase the cost of permanent protection as taxpayers would have to make repeated payments to maintain current levels of wetland protection.
- The bill would significantly reduce spending for agricultural export assistance.
- The bill has a variety of other shortcomings, including its failure to provide permanent farm program authority for the years following 2002; and its termination of the Farmer-owned Reserve.

Finally, targeting the bill's mandatory conservation program toward livestock producers is a good first step. However, eligibility should be expanded to include conservation funding for all producers.

Basic Requirements for a Farm Bill

The Administration will continue its efforts to obtain the enactment of sound farm program legislation as soon as possible. Such legislation should address the following basic requirements:

- The farm "safety net" must be preserved to ensure sufficient farm income in lean years when prices or yields are low.
- Environmental protection and conservation programs must be maintained and, if possible, enhanced.
- A vibrant rural economy must be supported, such as through the inclusion of the Secretary of Agriculture's proposal for a "Fund for Rural America" that would

finance rural development, agricultural research, and conservation programs.

- Agricultural exports and promotion should be strengthened.
- An extension of the current law authorization for the national nutrition safety net programs included in the 1990 Farm Bill.

Scoring for Purposes of Pay-As-You-Go

S.1541 would reduce direct spending; therefore it is subject to the pay-as-you-go provisions of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates are that the bill would reduce the deficit by \$1.16 billion for FYs 1996-2002.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 3, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1635 - Defend America Act of 1996
(Sen. Dole (R) KS and 23 cosponsors)

If S. 1635 were presented to the President in its current form, the President would veto the bill.

S. 1635 would commit the United States now to deployment by 2003 of a costly system for national missile defense (NMD) to defend the United States, inter alia, from a long-range missile threat from countries other than the major declared nuclear powers. For the reasons explained below, committing the United States now to such a deployment is not only unnecessary, but could be harmful to our broader national defense interests.

The costly deployments required by S. 1635 would divert vital defense funds from other more pressing defense needs. The bill encourages deployment of space-based laser satellites that would cost billions and would violate the ABM treaty. The CBO has estimated that such an NMD would cost \$31-\$60 billion through 2010. These amounts do not even include the costs of operating and supporting such a system. Such unnecessary NMD spending -- within the defense budget levels proposed by the Administration through 2002 -- would jeopardize modernization efforts for other, more pressing defense missions. Moreover, the budget resolutions passed by the House and Senate would provide \$10 to \$16 billion less in 2001 and 2002 for defense than the Administration's budget plan. Proceeding with the NMD program envisioned by this bill, under these defense budget levels, would cripple modernization.

The immediate commitment to a specific system to defend against a threat that does not now exist is both imprudent and dangerous. By mandating an NMD deployment decision now, the bill would force the Department of Defense (DOD) to commit prematurely to a technological option that may be outdated when the threat emerges. The bill embraces much of the failed "Star Wars" scheme, which depends on advances in technology that are at least a decade away.

The Administration's Deployment Readiness Program will continue to develop national missile defense technology for three years -- the minimum time needed to develop a workable defense -- after which time the United States can make an informed decision to deploy a system by 2003 if so warranted by the threat. The Intelligence Community has estimated that there will be sufficient warning time to make this timetable possible. This "3+3" approach to national missile defense ensures that a system will be fielded with the best technology available if and when the threat emerges. The Administration approach also preserves the correct priority in the Ballistic Missile Defense program. This program fully funds Theater Missile Defenses to defeat a threat

that is here and now, and complements a comprehensive defense against weapons of mass destruction that includes prevention, deterrence, and defense.

Finally, by setting U.S. policy on a collision course with the ABM Treaty, S. 1635 would put at risk continued Russian implementation of the START I Treaty and Russian ratification of START II. These two treaties together will reduce the number of U.S. and Russian strategic nuclear warheads by two-thirds from Cold War levels, significantly lowering the threat to U.S. national security.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 11, 1996 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1745 - National Defense Authorization Act
for Fiscal Year 1997
(Senator Thurmond (R) SC)

The Administration supports prompt congressional consideration of the national defense authorization legislative proposal for FY 1997. As reported by the Committee on Armed Services, however, S. 1745 raises serious budget and policy concerns. The President's senior advisers would recommend that he veto a final conference bill that fails to address the concerns set forth below.

Of particular concern, S. 1745 would: (1) authorize excessive Defense funding levels that are contrary to the President's budget priorities; and (2) infringe upon the President's conduct of foreign affairs by constraining his efforts to maintain a sound policy on ballistic missile defense .

Funding Levels

As proposed in the President's FY 1997 Budget, the Administration firmly believes that it is possible to maintain a strong defense without sacrificing important domestic programs. The Administration strongly objects to the approximately \$13 billion increase above the President's request proposed in the reported version of S. 1745. The reported version of the bill would seriously undermine the President's goal of a balanced budget that provides for a strong defense while preserving other programs needed to provide all Americans with a higher standard of living.

About \$7.7 billion of the increase above the President's request is for procurement, a significant portion of which funds the acquisition of weapon systems and equipment that are not in the long range plans of the Department of Defense. These items include some National Guard and Reserve Equipment; OH-58D, AH-64 and CH-47D helicopters; F/A-18C/D and F-16C/D fighter aircraft; a SWATH Oceanographic Ship; WC-130J weather aircraft; additional ships for the Marine Corps' Maritime Prepositioning Squadrons; and Multiple Launch Rocket System (MLRS) launchers. Many of the proposed increases for R&D programs also are not needed, including \$300 million for National Missile Defense; an increase of \$75 million for the antisatellite (ASAT) technologies program; and an increase of \$70 million for the Space-based Laser (SBL) program. The additional \$700 million for military construction programs also is objectionable in part because a number of projects, worth about \$95 million, are not in the Department's long range plan.

Strategic Defense and Arms Control

S. 1745 contains a number of provisions that would infringe upon the President's ability to conduct foreign relations. These include a legislated unilateral interpretation of the ABM Treaty for compliance purposes, which could frustrate ongoing U.S. efforts to conclude an ABM-Theater Missile Defense demarcation agreement with Russia and other states of the former Soviet Union (FSU). In addition, the bill would require congressional approval of any demarcation agreement, even one consistent with the Senate's compliance interpretation. This requirement would narrow the bipartisan understanding reached with the Senate during consideration of the FY 1996 Defense Authorization Act.

S. 1745 would require Senate advice and consent to any ABM Treaty succession agreement which makes the Treaty multilateral by allowing FSU states in addition to Russia to become Treaty parties. Although the Administration has not determined if it will seek congressional approval of a succession agreement, such a requirement infringes upon the President's conduct of foreign relations. The Senate did not object, indeed it supported, the effort to multilateralize the Conventional Forces in Europe and Intermediate Range Nuclear Forces Treaties as a result of the dissolution of the Soviet Union. Furthermore, by casting doubt on their status as equal partners in the ABM Treaty, this requirement could needlessly jeopardize the United States' positive relationships with Belarus, Kazakhstan, and Ukraine. These countries have ABM Treaty-related facilities on their territories, and this requirement may put at risk their compliance with denuclearization obligations under START I.

In addition, the bill's provision prohibiting the retirement or dismantlement of any strategic nuclear delivery system during FY 1997 until the START II Treaty enters into force is an unwarranted restriction on the President's national security and foreign policy authority. Until START II ratification and entry into force, the United States will draw down and maintain U.S. strategic forces at warhead levels consistent with START I.

Other Objectionable Provisions

Intelligence Programs

S. 1745 contains several objectionable provisions concerning intelligence. These include a prohibition on expenditure of Department intelligence funds by other agencies. Such a prohibition would make it impossible for CIA or any other government agency to expend funds on behalf of the Department as they currently do through several transfer authorities. In addition, the bill would unnecessarily restrict the President's ability to appoint either a civilian or a uniformed military director of the National Imagery and Mapping Agency.

The Administration also opposes section 1032, which would restrict the Department of Defense's ability to provide assistance to the National Drug Intelligence Center and the Administration's

continued assault against illegal drugs. The flow of illegal drugs into and within the country is both a national security and a law enforcement problem requiring technological and financial assistance from both the Department of Defense and the Department of Justice.

S. 1745 also establishes a Director of Military Intelligence and a Defense Intelligence Board. This would restrict the President's ability to manage and structure the defense intelligence community.

Dual Use Applications Program (DUAP)

S. 1745 provides \$150 million less than the President's Budget request of \$250 million for the DUAP. The DUAP supports development of technologies that can be applied to both commercial and defense systems, thereby reducing costs of defense systems. Authorization of the program at the requested level is important to the affordability of defense systems and to the vitality of the defense industrial base.

Department of Energy (DOE) Programs

The bill would authorize \$450 million more than the President's FY 1997 Budget for DOE's Atomic Energy Defense Activities, and would severely limit funding for vital international nuclear safety programs. Specifically, the bill provides:

- \$239 million more for Weapons Activities than needed to maintain the safety and reliability of the nuclear weapons stockpile and to meet the requirements of the Nuclear Weapons Stockpile Memorandum, including requirements for tritium production;
- \$35 million more than requested for technology partnerships between U.S. industry and Russian scientists;
- \$198 million more than requested for Defense Environmental Restoration and Waste Management; and
- \$51 million less for programs to improve the safety of Soviet-designed reactors and support of international efforts to shut down the Chernobyl nuclear power plant. Another serious accident at any of the 15 most unsafe plants where this effort is underway would impose overwhelming economic and social costs on the region's emerging democracies. The Administration urges funding at the President's request to continue this important international effort.

In addition, Section 3154 requires operation of both reprocessing canyons at the Savannah River Site. This requirement presupposes the outcome of an ongoing analysis regarding their utilization.

National Oceanographic Partnership Program

Section 252 creates a National Oceanographic Partnership Program and a National Oceanographic Research Council, composed of representatives of Federal agencies, industry, and academia. Because the Council would have contract and grant authority, this section of the bill should be amended to eliminate constitutional Appointments Clause concerns.

Nonrecurring Cost Recoupment

S. 1745 does not include the budget offset needed to implement section 4303 of the FY 1996 Defense Authorization Act, concerning recoupment, which the Administration identified pursuant to congressional direction.

Coast Guard

Section 314 of the bill would prohibit funding of Coast Guard activities from subfunction 054. This ignores the traditional defense role of the Coast Guard that is properly funded in the National Defense budget function. Section 1004 requires extraordinary certification and audit of Coast Guard spending. This provision is unnecessary and redundant; the Coast Guard already is subject to rigorous oversight and audit procedures as are other Federal agencies. The Administration urges that these sections be deleted.

Additional Comments

The Administration appreciates the Committee's support for the military pay raise and quality of life initiatives to improve military compensation and living conditions. The Administration also appreciates the Committee's support for the Joint United States/Israeli Nautilus Laser program, which is designed to shoot down short range projectiles such as Katyusha rockets.

The Administration appreciates the inclusion of provisions to permit privatization including the provision to increase the portion of depot maintenance work that can be performed by the private sector. The Administration would urge the adoption of the other privatization provisions requested by the Administration which will permit implementation of the privatization initiative in an orderly and cost effective manner.

The Administration appreciates the Committee's strong support for the Cooperative Threat Reduction (CTR) program -- an important and highly effective means of enhancing security through eliminating foreign nuclear weapons systems and preventing weapons proliferation. In addition, the Committee's support for the transfer of naval vessels to certain Allied and friendly nations is also appreciated. These transfers are important to national security and defense relations with those countries. Also commendable, is the modification to the Missing Persons

Act to ensure a complete accounting of missing personnel without encumbering theater commanders during conflicts.

The Administration, as it continues its review of the bill, may identify other concerns, and will work with the Congress to address these and to develop a more acceptable bill.

Pay-As-You-Go Scoring

S. 1745 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimates for this bill are presented in the table below.

Pay-As-You-Go Estimates (\$ millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1997-2002</u>
Net deficit effect	-72	13	72	77	82	89	261

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 9, 1996(SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1788 - National Right to Work Act of 1996
(Rep. Faircloth (R) NC)

The Administration strongly opposes the enactment of S. 1788. If presented to the President, the Secretary of Labor would recommend that the bill be vetoed.

S. 1788 would repeal the provisions of the National Labor Relations Act and the Railway Labor Act that allow employers and unions to enter into agreements requiring all employees to pay union dues or fees as a condition of employment. Enactment of S. 1788 would seriously undermine the ability of unions to represent American workers and to protect workers' rights.



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STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2546 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1996
(Sponsors: Walsh (R), New York; Jeffords (R), Vermont)

This Statement of Administration Policy provides the Administration's views on H.R. 2546, the District of Columbia Appropriations Bill, FY 1996, as reported by the Conference Committee. The Administration strongly supports efforts of the District of Columbia to bring fiscal stability, growth and opportunity to the city. The President remains committed to helping put the District back on the path to financial health and we appreciate Congress' decision to provide the full Federal payment to the District.

Regrettably, the conferees chose to include objectionable authorization and related legislation in the Conference Report. Based on these provisions, the President's senior advisers would recommend that the President veto this bill if it were presented to him in its current form.

While the Administration supports many of the school reform endeavors in the District of Columbia appropriations bill, it remains strongly opposed to the language in the legislation allowing the use of Federal taxpayer funds for private school vouchers.

The Administration strongly supports good schools both public and private, and recognizes that private schools are an important part of American education. However, establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for private schools across the country. Private school tuition vouchers would divert badly needed public funds and shift them to private institutions that would retain their ability to exclude students on the basis of their ability to pay or their academic achievement, and that are not accountable to the public. The Administration would support provisions in the bill that would permit the use of public funds for public school choice, and for scholarships for after-school and summer activities at either public or private non-sectarian schools.

The Administration strongly opposes section 2551(b)(6) of the bill which would, in effect, waive the application of labor protection laws, including the Davis-Bacon Act and civil rights provisions, to construction and repair work for the District of Columbia schools. In addition, the Administration recommends that the provision for permitting volunteers within 2561(a)(2) be consistent with the provisions under the Fair Labor Standards Act for volunteering to State and local governments. The Administration would also suggest that the same provision be clarified to exclude labor performed for contractors and subcontractors on work covered by the Davis-Bacon Act.

The Administration strongly opposes the abortion language of the bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations of rape or incest. The Administration objects to the prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District. We urge repeal of a similar provision in P.L. 104-92.

The Administration is committed to working with the Congress to produce an acceptable bill as soon as possible. In view of the critical financial needs of the District, we urge the Congress to be responsive to these concerns.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 13, 1996 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3610 -- DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1997

(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

This Statement of Administrative Policy provides the Administration's views on H.R. 3610, the Department of Defense Appropriations Bill, FY 1997, as reported by the House Appropriations Committee. The President's senior advisers would recommend that he veto a Defense appropriations bill that does not address the concerns discussed below.

Even though the Committee has reduced the Subcommittee funding level, the Administration does not support the \$11.2 billion increase over the President's request reflected in the Committee bill. With the Nation facing serious budget constraints, the Committee's recommended increase for this bill is not affordable. The President's budget better supports defense requirements by fully funding current readiness and by projecting significant increases in funding for modernization for the turn of the century. This is when defense technologies now in development will be ready for production. The Administration firmly believes that America can maintain a strong defense without sacrificing vital domestic programs.

About \$5.7 billion of the increase in funding above the President's request is for procurement. To reach this level of increase over the request, the Committee first cut the President's request for procurement by about \$1.5 billion, and then added \$7.2 billion for unrequested items. About \$3.2 billion of the \$7.2 billion increase is for weapons and systems that are not in the long-range modernization plans of the Department of Defense.

Similarly, the Committee cut the President's request for research and development (R&D) programs by about \$800 million, and then added about \$3.7 billion to reach a level \$2.9 billion above the President's request. Such proposed increases for R&D programs are not needed. Of this \$3.7 billion, \$1.2 billion is allocated for programs not in the Department of Defense's long-range plans. Other programs in the long-range plans received unnecessary increases. An additional \$350 million was added to accelerate development of defenses against strategic missiles from an uncertain threat. Also, the Administration believes that the Committee's four-year acceleration of the initial launch of the space-based missile warning system, "SBIRS," is unwarranted. An additional \$129 million for SBIRS carries with it substantial technical risk, has an estimated out-year cost of \$1.9 billion, and comes at the expense of higher priorities.

The Administration understands that an amendment will be offered to conform the bill to the Committee's revised funding allocation. In doing so, the House is urged to reduce those programs and activities that are not in the Department's long-range modernization plans. The Administration would oppose such an amendment if it reduces requested funding for the Seawolf (SSN23) Submarine.

The Committee would provide none of the \$250 million requested for the Dual Use Applications Program (DUAP). The DUAP supports development of technologies for both commercial and defense production that will reduce the costs of future defense systems. Appropriations at the requested level are needed to enhance the affordability of defense systems and increase the vitality of the defense industrial base.

The Administration urges the House to restore the reductions made by the Committee to needed programs and to reduce the number of unrequested add-ons.

The Committee bill could hinder the President's ability to carry out foreign policy. The bill would mandate that the President consult with Congress at least 15 days prior to the transfer of defense articles and services for peacekeeping and humanitarian operations overseas. This would limit the President's flexibility to respond immediately to crisis events. In addition, the bill would restrict the President's flexibility

to conduct foreign relations regarding North Korea.

Other Concerns

The Administration objects to the Committee's:

- o Deletion of one DDG-51 Aegis Destroyer;
- o Reduction in funding for depot maintenance carryover and spare parts inventories, civilian personnel, military transportation, recovery of revolving fund losses, and the Civil Military program;
- o Reductions of \$25 million to the Cooperative Threat Reduction (Nunn-Lugar) Program; \$20 million to the Overseas Humanitarian, Disaster, and Civic Aid Program; \$59.9 million for Advanced Concept Technology Demonstrations; and \$25 million for increased utilization of the Reserve components;
- o Failure to fund the highly valuable Technical Studies, Support, and Analysis Program, or to support devolvement of financial responsibility for environmental restoration to the Services;
- o Failure to provide for the retrofit of two P-3 aircraft to airborne radar aircraft for transfer to the Customs Services, as the Administration requested;
- o Limitation of funding for the White House Communications Agency for telecommunications support to the President, Vice President, and other officials specified by the President; and
- o Cap on allowable costs for executive compensation at \$250,000 for all defense contracts funded with FY 1997 appropriations. The Administration would like to work in a bipartisan manner with the Congress to develop a more rational, comprehensive long-term reform in this area, outside of the annual appropriations process.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



September 13, 1996 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

HLR. 3662 – DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1997

(Sponsors: Hatfield (R), Oregon; Gorton (R), Washington)

This Statement of Administration Policy provides the Administration's views on H.R. 3662, the Department of the Interior and Related Agencies Appropriations Bill, FY 1997, as reported by the Senate Appropriations Committee.

The Administration appreciates the Committee's action to restore funding to levels higher than those provided by the House for a number of priority programs, including the Indian Health Service, the Bureau of Indian Affairs, energy conservation, and firefighting. The Administration also appreciates the Committee's action to delete two highly objectionable provisions of the House-passed bill: section 329, concerning tribal sovereignty and Federal Indian law; and, section 322, affecting Tribal-State relations over trust lands. The Administration urges the Senate to work with the Administration in seeking to avoid the protracted debate over controversial language riders that prevented timely enactment of the bill last year.

The Administration is committed to working with the Senate in order to produce a bill that the Administration can support. Unfortunately, the Senate Committee bill still includes several inappropriate and highly objectionable language provisions that would effectively authorize policy and program changes through the appropriations process. In particular, provisions have been included that would inhibit the Administration's ability to manage its programs effectively, such as: the language regarding the Tongass National Forest; section 118, concerning formula funding for certain Bureau of Indian Affairs (BIA) programs; and, section 121, concerning the Cook Inlet Regional Corporation. For these reasons and other reasons discussed below, the Secretary of Agriculture and the Secretary of the Interior would recommend that the President veto the bill if it were presented to him in its current form.

The Administration has previously communicated its strong objection to the overall discretionary funding level assumed in the House- and Senate-passed Budget Resolutions. The Senate 602(b) allocation provided for this bill would reduce discretionary budget authority by \$0.3 billion, or two percent, from the President's request of \$12.9 billion.

Objectionable Language Provisions

The Administration strongly objects to a provision regarding the Tongass National Forest, Alaska, that would delay implementation of a new forest management plan and related strategies for the Tongass. This is the latest attempt to have politics, not science, manage the forests. Implementation of a new plan for the Tongass is vital and should not be delayed further. The Department of Justice advises that this rider purports to condition the President's exercising of his authority under the authorization statutes on the approval of a Legislative Branch entity, the General Accounting Office. As such, this rider represents an unconstitutional legislative encroachment on the authority of the Executive Branch to implement an act of Congress.

The Committee bill includes two highly objectionable provisions affecting Native American programs. The first provision, section 118, would mandate that the Bureau of Indian Affairs (BIA) develop a formula by which funds would be made available directly to tribes, in lieu of BIA-provided services. Any funds distributed under such a formula would not be subject to BIA oversight authority. Until a formula were implemented, not more than one-half of Operations of Indian Programs funding that would be distributed under this type of block grant would be made available.

The second objectionable provision would legislatively give tribal status to the Cook Inlet Region, Inc., a State-chartered Alaska Native Claims Settlement Act (ANCSA) Corporation. If enacted, this legislation would significantly confuse the current status of the Alaska Native regional corporations and Native tribes, interfere with pending litigation, and bring further protracted litigation. Furthermore, the provision is fundamentally inconsistent with current law and established policies respecting recognition of Indian tribes, particularly relating to powers of self-governance.

The Administration strongly opposes a provision (section 115) that would overturn the existing agreement between the National Park Service, tribes, and local entities concerning the removal of two dams on the Elwha River in Olympic National Park, Washington. This provision would undo carefully crafted arrangements and delay needed action to begin the important restoration of the Elwha and its fishery. This would set an undesirable precedent that would dictate a unilateral Federal solution to an issue with many non-Federal stakeholders.

In addition, three riders that passed earlier in this Congress should be repealed. These are the "timber rider" that was passed in the FY 1995 Rescissions Act, and the Mt. Graham and "Lummi" riders passed in P.L. 104-134, the FY 1996 Omnibus Consolidated Rescissions and Appropriations Act. (The Mt. Graham provision in H.R. 3662 should be deleted as well.) While the agencies have implemented the requirements of the "timber rider", it has proved to be an inefficient and divisive provision. It has reopened conflict in the Pacific Northwest, led to a proliferation of lawsuits and diverted scarce resources from more productive work. Continuation of the rider as presently required through December 31, 1996, serves no useful purpose, and it should be repealed.

Mt. Graham, Arizona, is the sole remaining habitat for the endangered Mt. Graham red squirrel, and it is a site of importance to Native Americans. The provision's exemption of Mt. Graham from the application of the Endangered Species Act and other environmental laws has never been justified, and is even less acceptable in the wake of a recent fire that burned a significant portion of critical habitat on Mt. Graham. The "Lummi" provision would withhold up to 50 percent of FY 1996 and FY 1997 Self-Governance funds to any tribe in the State of Washington that takes certain actions concerning access to water or utilities affecting non-tribal land owners of lands within the tribe's reservation.

The Committee bill would stymie efficiency gains in the Forest Service through continuation of a provision to require Appropriations Committee approval prior to carrying out reinvention and other cost-savings proposals. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

The bill includes language that would condition the availability of funds for AmeriCorps national service projects on two requirements: first, that agencies follow appropriate reprogramming guidelines; and second, that the Corporation for National and Community Service receive funding in the VA/HUD/Independent Agencies appropriations bill. The AmeriCorps program is a successful program that not only provides a good return on investment to taxpayers, but benefits land management agencies by supporting labor-intensive conservation activities ranging from baseline surveys to environmental restoration projects.

Department of the Interior (and related Native American programs)

The Committee bill reduces funding for programs serving Native Americans, including BIA, the Indian Health Service (IHS) and the Department of Education's Indian Education programs. Funding for BIA is reduced from the President's request by \$200 million, or 11 percent. Of greatest concern within the Committee's overall reduction to BIA is the \$135 million reduction for Tribal Priority Allocation (TPA), which funds vital reservation programs such as tribal government, educational and social services, housing repair for the needy, natural resources development, and road maintenance. Tribes are reporting serious shortfalls in these programs, including child protection and elderly assistance requirements, scholarship needs, and basic police protection on reservations.

The Administration strongly opposes the Committee's \$121 million reduction to the request for the IHS, which would restrict the provision of important health services, especially in remote reservation areas where IHS clinics represent the only health care available. The Administration commends the Committee for including funding for rebuilding an IHS clinic at Lane Deer, Montana, and for including modest portions of increases requested for contract support costs that help underwrite tribal administration of IHS programs and for sanitation facilities construction funds that support water and sewer projects.

The Administration opposes the reduction of \$29 million, or 36 percent, below the request for the Department of Education's Indian Education program. This would reduce educational services to the 90-percent of Indian children who attend public rather than BIA-sponsored schools.

The bill also under-funds the President's request for NPS funding for the Everglades and South Florida Ecosystem Restoration program by \$102 million, or 65 percent – effectively precluding the Administration from carrying out necessary environmental restoration and water supply protection measures. The Committee has failed to provide any funding for the Everglades Restoration Fund, notwithstanding the President's request, enabling legislation and concurrence among Federal, State, and local officials that significant land acquisitions are needed immediately to restore this national park.

In addition, the Committee has failed to provide full, up-front funding for restoration of the Elwha River in Olympic National Park, Washington, through acquisition and removal of two aging dams in accord with the provisions of the 1992 Elwha River Ecosystem and Fisheries Restoration Act.

The Committee-reported bill provides \$111 million for specific National Park Service (NPS) construction projects, \$28 million more than requested. Of this total, \$47 million is for projects not requested by NPS. Funding for these low-priority projects comes at the expense of more critical needs such as the rehabilitation of visitor and park facilities at Riis Park in Gateway National Recreation Area, New York, and an expanded visitor shuttle system at the Grand Canyon National Park.

Department of Energy

The Committee reduces the President's request for Energy Conservation programs by \$165 million, or 23 percent, including a cut of 28 percent for clean industrial technologies, energy-efficient building technologies, and fuel-efficient vehicles. These programs involve partnerships with industries and would yield significant energy and economic savings to consumers and industry and can be an effective means of pollution prevention.

The Committee's recommended reductions would severely damage the Administration's Climate Change Action Plan and Partnership for a New Generation of Vehicles, potentially resulting in the failure to reduce the equivalent of an additional 20 million metric tons of carbon in the year 2000 as well as significant amounts of other atmospheric emissions such as nitrogen oxides, sulphur oxides and particulates. The reductions also would undermine partnerships with industry that reduce the costs of regulatory compliance, and may result in the loss of several hundred million dollars per year in consumer and industry energy savings.

The Committee level includes a reduction of \$24 million in the low-income weatherization program, a cut that would mean that over 12,000 fewer families would receive

home weatherization assistance this winter. The Committee mark also includes a \$12 million, or 37-percent, cut to the Federal Energy Management Program, a program that has as its goal saving the Government money by reducing energy costs. This is a short-sighted reduction that would lead to increased Federal operating costs in the future.

The Administration objects to the Committee's reduction of \$16.5 million to the request for the Naval Petroleum Reserve. At a time when the Government is preparing to offer the Elk Hills reserve for sale in the private market, our practice should be to enhance the value of the property by maintaining existing wells at their optimum performance. The Committee's level would result in a direct loss of \$63 million in oil production receipts over the FYs 1997, 98 time period.

The Administration is concerned about the Senate provision which directs a sale of oil from the Strategic Petroleum Reserve in FY 1997 in order to fund routine reserve operating and maintenance activities. The Strategic Petroleum Reserve remains our best insurance policy against oil supply disruptions.

Cultural Agencies

The Administration objects to the Committee's low levels of funding for the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute of Museum Services (IMS). The Committee's recommendations for NEA and NEH represent about a 40-percent reduction for both agencies below FY 1995 levels, and would severely jeopardize their ability to provide important cultural, educational, and artistic programs for communities across America. The Administration urges the Senate to approve funding for the NEA, NEH, and IMS at the requested levels and supports the Senate's commitment to the continuation of NEA and NEH in the out-years.

In addition to the concerns discussed above, the Administration has further concerns with the bill that were detailed in a July 16th letter to the Senate Appropriations Committee.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3662 -- DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1997

(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 3662, the Department of the Interior and Related Agencies Appropriations Bill, FY 1997, as reported by the House Appropriations Committee.

The Administration has previously communicated its strong objection to the overall discretionary funding level assumed in the House- and Senate-passed Budget Resolutions. The 602(b) allocation provided for this bill would reduce discretionary budget authority by \$0.8 billion, or six percent, from the President's request of \$12.9 billion and \$0.7 billion, or six percent, from the FY 1996 level, including one-time funding for emergencies and special items. Actions proposed by the Committee to achieve this restrictive spending level include reductions in high-priority initiatives that would adversely affect important environmental, Native American, and energy efficiency programs. As a result of this, and for other reasons discussed below, the Secretary of Energy and the Secretary of the Interior would recommend that the President veto the bill in its present form.

It is unfortunate that the Committee has chosen, once again, to include objectionable language riders, particularly those related to the environment. For example, the Administration strongly objects to the language provision concerning the designation of critical habitat for the endangered marbled murrelet on private lands in California. The provision adopted by the Committee would adversely affect the Administration's efforts to achieve balanced implementation of the critical habitat designation for this species and would set a dangerous and unsupportable precedent that would likely lead to costly and time-consuming litigation.

The Administration strongly opposes reductions of \$285 million, or 18 percent, from the President's request for the National Park Service (including Everglades funding and full up-front funding for Elwha River, Washington, restoration). This shortfall would deny funds to meet the growing demand for visitor services, park maintenance, and resource protection and fails to provide critical funding needs associated with Everglades/South Florida ecosystem restoration. The Administration strongly objects to large reductions from the President's request in other programs critical to overall effective resource management, including Fish and Wildlife Services (FWS) endangered species programs (20 percent), and funds requested for the Pacific Northwest Forest Plan implementation (24 percent). The Administration strongly opposes the disproportionate reduction to the Department of the Interior's departmental management functions. In an area where FTEs have already been reduced by one-quarter, the additional cuts of nine percent below the President's request would affect the ability of the Department to clear testimony in a timely way and impact departmental management functions in significant ways.

The Administration also strongly opposes the Committee's reductions to programs serving Native Americans. Interior's Bureau of Indian Affairs (BIA) would be reduced by \$243 million, or 14 percent, below the President's request, impeding the ability of the BIA and tribes to meet critical tribal needs and undermining needed trust fund management reform efforts, particularly expedited upgrading of trust fund accounting systems. The Indian Health Service would be reduced by \$167 million from the request, which could restrict the provision of important health services and may limit implementation of the Indian Self-Determination Act to its fullest extent. The Department of Education's Indian Education program, held at the FY 1996 level, would be reduced \$29 million, or 36 percent, below the President's request, reducing education services to the 90 percent of Indian children who attend public rather than BIA-sponsored schools.

The Administration also strongly opposes the language provision adopted by the Committee that would prohibit the BIA from taking land into trust for any tribe that had not entered into a binding agreement with the State regarding the tribe's collection and payment of State and local sales and excise taxes on retail purchases made on that land by non-tribal members.

This provision would undermine tribal sovereignty and the ongoing government-to-government cooperation currently underway between a number of tribes and States that have voluntarily negotiated, or are currently negotiating, joint taxation agreements to accommodate the needs and rights of each party.

In addition, the Administration strongly objects to the reduction of \$235 million in Energy Conservation -- a reduction of 33 percent from the President's request of \$715 million to a net level of \$480 million. This level is \$55 million, or 10 percent, below the already damagingly low FY 1996 net appropriation of \$535 million. Energy Conservation programs not only work to improve society's energy efficiency -- they also provide a successful means of pollution prevention. The Committee's reductions of over 30 percent in clean industrial technologies, energy-efficient building technologies, and fuel-efficient vehicles would severely damage the Administration's Climate Change Action Plan and Partnership for a New Generation of Vehicles. Potential impacts include the failure to reduce the equivalent of an additional 30 million metric tons of carbon being emitted in the year 2000 and significant amounts of nitrogen oxides, sulphur oxides, and particulates; damage to partnerships with industry that reduce the costs of regulatory compliance; and the loss of several hundred million dollars per year in consumer and industry energy savings.

A key factor in achieving consumer energy savings is the Department of Energy's (DOE's) appliance efficiency standards program, a program that is being revised to address industry concerns. The Administration would strongly oppose any effort to extend the current one-year moratorium on the issuance of standards. In addition, the Administration is opposed to the restrictions in the Committee Report that could block the development of both appliance and building standards.

The Administration opposes the Committee's \$55 million reduction in DOE's low-income home weatherization program -- a cut that would mean that almost 30,000 fewer families would receive home weatherization assistance this winter. A very short-sighted reduction in the Committee mark is the 50-percent cut to the request for the Federal Energy Management Program, a program that has as its goal saving the government money by reducing energy costs. This reduction would lead to increased Federal operating costs in the future. The Administration

reemphasizes its support for the \$500 million rescission and deferral proposed for Clean Coal Technology included in the FY 1997 request. If the Congress does not act, \$138 million would become available for project activities that do not need additional funding in FY 1997.

The Administration is concerned that the level of funding provided for Forest Service (USDA) fire suppression would be inadequate to meet rising wildfire suppression costs. The Committee bill includes \$412 million for fire pre-suppression and suppression activities, significantly below the FY 1996 enacted-to-date level of \$485 million and the President's request of \$495 million.

The Administration objects to the Committee's low levels of funding for the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute of Museum Services (IMS). The funding levels proposed by the Committee for NEA and NEH represent about a 40-percent reduction for both agencies from the FY 1995 enacted levels and would severely jeopardize their ability to provide important cultural, educational, and artistic programs for communities across America. The Administration urges the House to approve funding for the NEA, NEH, and IMS at the levels proposed in the President's budget.

In addition, the Administration strongly opposes the several language provisions adopted by the Committee that carry forward objectionable provisions from the 1996 Omnibus Consolidated Rescissions and Appropriations Act, including those relating to restrictions on the promulgation of regulations concerning R.S. 2477 rights of way on public land, Alaska subsistence fishing, and the Mt. Graham telescope in Arizona, which could affect the endangered Mt. Graham Red Squirrel. Moreover, the Administration objects to the Committee's failure to repeal the objectionable Lummi (Washington) Native Americans provision, and the new provision intended to prohibit redesign efforts associated with the closure of Pennsylvania Avenue.

In addition to the concerns discussed above, the Administration has additional concerns with the bill that were detailed in a June 12th letter to the House Appropriations Committee.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 18, 1996 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 3662 -- DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1997**

(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 3662, the Department of the Interior and Related Agencies Appropriations Bill, FY 1997, as reported by the House Appropriations Committee.

The Administration has previously communicated its strong objection to the overall discretionary funding level assumed in the House- and Senate-passed Budget Resolutions. The 602(b) allocation provided for this bill would reduce discretionary budget authority by \$0.8 billion, or six percent, from the President's request of \$12.9 billion and \$0.7 billion, or six percent, from the FY 1996 level, including one-time funding for emergencies and special items. Actions proposed by the Committee to achieve this restrictive spending level include reductions in high-priority initiatives that would adversely affect important environmental, Native American, and energy efficiency programs. As a result of this, and for other reasons discussed below, the Secretary of Energy and the Secretary of the Interior would recommend that the President veto the bill in its present form.

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A key factor in achieving consumer energy savings is the Department of Energy's (DOE's) appliance efficiency standards program, a program that is being revised to address industry concerns. The Administration would strongly oppose any effort to extend the current one-year moratorium on the issuance of standards. In addition, the Administration is opposed to the restrictions in the Committee Report that could block the development of both appliance and building standards.

The Administration opposes the Committee's \$55 million reduction in DOE's low-income home weatherization program -- a cut that would mean that almost 30,000 fewer families would receive home weatherization assistance this winter. A very short-sighted reduction in the Committee mark is the 50-percent cut to the request for the Federal Energy Management Program, a program that has as its goal saving the government money by reducing energy costs. This reduction would lead to increased Federal operating costs in the future. The Administration

reemphasizes its support for the \$500 million rescission and deferral proposed for Clean Coal Technology included in the FY 1997 request. If the Congress does not act, \$138 million would become available for project activities that do not need additional funding in FY 1997.

The Administration is concerned that the level of funding provided for Forest Service (USDA) fire suppression would be inadequate to meet rising wildfire suppression costs. The Committee bill includes \$412 million for fire pre-suppression and suppression activities, significantly below the FY 1996 enacted-to-date level of \$485 million and the President's request of \$495 million.

The Administration objects to the Committee's low levels of funding for the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute of Museum Services (IMS). The funding levels proposed by the Committee for NEA and NEH represent about a 40-percent reduction for both agencies from the FY 1995 enacted levels and would severely jeopardize their ability to provide important cultural, educational, and artistic programs for communities across America. The Administration urges the House to approve funding for the NEA, NEH, and IMS at the levels proposed in the President's budget.

In addition, the Administration strongly opposes the several language provisions adopted by the Committee that carry forward objectionable provisions from the 1996 Omnibus Consolidated Rescissions and Appropriations Act, including those relating to the Mt. Graham (Arizona) Red Squirrel, restrictions on the promulgation of regulations concerning R.S. 2477 rights of way on public land, and Alaska subsistence fishing. Moreover, the Administration objects to the Committee's failure to repeal the objectionable Lummi (Washington) Native Americans provision, and the new provision intended to prohibit redesign efforts associated with the closure of Pennsylvania Avenue.

In addition to the concerns discussed above, the Administration has additional concerns with the bill that were detailed in a June 12th letter to the House Appropriations Committee.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 9, 1996 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3755 – DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1997

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 3755, the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1997, as reported by the House Appropriations Committee.

The Administration has previously communicated its strong objection to the overall inadequate discretionary funding level assumed in the House- and Senate-passed Budget Resolutions. The Committee bill would reduce discretionary budget authority by over \$5.5 billion from the President's request, which the Administration believes is the level necessary to address the Nation's needs adequately.

The President strongly believes that we must invest in our country's future by supporting education and training to promote long-term economic growth, and to give average Americans the skills they need to get high-wage jobs, and, thus, raise living standards both now and in the future. Many of the programs funded in this bill would help us do just that. In addition, many others are aimed at protecting and aiding the most vulnerable individuals in our society. Reductions and eliminations proposed by the Committee would have a particularly harmful effect by withholding necessary services for children, youth, and the disadvantaged, and by underfunding worker protection.

For these reasons, discussed more fully below, the President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

Pre-School Children

The Head Start program plays a vital role in preparing disadvantaged young children for school; its expansion should be continued, not reversed as in the Committee bill. The President would add \$412 million and 50,000 new slots to the Head Start program in FY 1997. The Committee's action could reduce slots by up to 15,000 compared to FY 1996 -- assuming that quality is to be maintained -- clearly a move in the wrong direction.

Education and Training

The Administration is committed to investing in education and training programs that help average Americans build a better future for themselves and their families. More than ever before in our Nation's history, what you earn depends on what you learn. The Committee has systematically targeted those key programs designed to educate and train our youth and our workers for the most debilitating cuts.

The Committee's ill-advised decision to terminate funding for Goals 2000 would set back State-based efforts to improve learning for all students and to build a more competitive workforce. The Committee provides none of the funding that the Administration has requested for its education technology initiatives as articulated by the President in the State of the Union address, including \$250 million for the Technology Literacy Challenge Fund, to begin to provide essential stimulus to States to help make every child computer literate by the dawn of the 21st century.

The Committee would eliminate aid for hundreds of thousands of children in schools across the country, and would substantially reduce aid for college by funding below the President's request: Education for the Disadvantaged, Safe and Drug Free Schools and Communities, Special Education, Pell Grants, Perkins Loans, Charter Schools, Comprehensive Regional Assistance Centers, Bilingual Education, School-to-Work, Vocational and Adult Education, and other programs. In addition, the Committee bill would eliminate funding for the Eisenhower Professional Development Program and Star Schools, folding the funding into an untargeted block grant. This action would not ensure that sufficient funds are devoted to teacher training and educational technology programs. The Committee's recommended funding levels would have a severe negative impact on our Nation's future.

The Committee bill would reduce spending for the administration of student loan programs from \$595 million to \$420 million, a \$71 million reduction from the request. This would make it impossible for the Department of Education to ensure program integrity in all student loan programs and would effectively cap the volume of direct lending. As with the FY 1996 appropriations bill, the Administration continues to oppose any cap on direct lending.

The Administration strongly opposes the Committee's proposal to cut summer jobs for youth by \$246 million, or 28 percent, below the President's request. This action would eliminate jobs for 134,000 disadvantaged youth. In addition, the Administration opposes the Committee's decision not to provide the \$250 million requested for the Youth Opportunities Areas initiative for at-risk youth, started under current law this year.

The Committee bill would reduce, by \$290 million, or 13 percent, requested funding to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. This would deny training and reemployment services to about 81,000 dislocated workers and 34,000 low-income adults.

The Administration opposes the provision in the Training and Employment Services appropriation that would allow the unlimited transfer of resources between the JTPA title II-A adult training program and the JTPA title III dislocated worker program. The Administration considers the amounts appropriated for the two programs the best policy judgment of the level of resources necessary to carry out those programs, and that the 20 percent transfer authority included in current law gives States and locals the sufficient flexibility to tailor the programs to meet unforeseen local needs.

Protecting Workers

The Committee bill would reduce by \$36 million, or 20 percent, the President's request for the National Labor Relations Board and would reduce by \$121 million, or 13 percent, the President's request for Labor Department worker protection programs. As a result, there would be fewer workplace inspections, reduced aid to small businesses, and, unless we were to reduce inspections even further, there would be no funding for the President's initiatives to ensure pension protection, eliminate sweatshops in the garment industry, and improve workplace safety and health. In addition, language riders in the bill would inappropriately restrict the ability of enforcement agencies to safeguard child safety, protect workers from ergonomic hazards, and enforce the National Labor Relations Act. The Administration is also concerned that the Committee bill does not fund the National Institute for Occupational Safety and Health or the former Bureau of Mines activities transferred to the Centers for Disease Control at the requested level.

The Administration opposes the 40-percent cut below the FY 1996 level for the Bureau of International Labor Affairs. The funding level provided by the Committee would constrain the Bureau's ability to work on child labor and workers' rights issues.

Protecting Health

The Committee bill would provide \$812 million for Ryan White AIDS Treatment Grants, \$18 million below the comparable FY 1997 request, adjusted for the Ryan White CARE Act amendments of 1996. While the Administration is encouraged that the Committee has increased funding above the President's request specifically for Title II State AIDS Drug Assistance Program activities, we are concerned that other activities in Title II receive \$17 million less than the level requested by the President. The Administration is also concerned that funding provided below the request for some other Titles in the Ryan White CARE Act is not sufficient to keep up with increasing case loads in the 49 cities currently receiving Title I assistance and the 150 local clinics that provide Title III(b) early intervention services to those with or at-risk of developing HIV.

The Administration is also concerned that the Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested in the President's budget. The single appropriation helps NIH target NIH AIDS research funds effectively, minimizing duplication

and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Committee has reduced funding for the Substance Abuse and Mental Health Services Administration (SAMHSA) by \$249 million below the President's request. SAMHSA supports vital substance abuse and mental health services to many underserved Americans, such as pregnant women and high-risk youth. The Committee's funding level would undermine the anti-drug abuse strategy developed by General Barry R. McCaffrey, Director of the Office of National Drug Control Policy.

The Administration is disappointed that the Committee has not funded at the President's request several important programs of the Centers for Disease Control, including polio eradication and the HIV prevention program. In addition, we are disappointed that the Committee chose to terminate the Healthy Start program.

The Committee provided only one fourth of the funds requested for Grants for the Prevention of Sexual Abuse of Runaway and Homeless Youth, despite the fact that many teenagers on the streets are exposed to exploitation and violence. The Committee also underfunded Grants for Battered Women's Shelters, which provide a critical refuge for abused women. And the Committee falls \$7.4 million short of the President's request to fund fully CDC's Violence Against Women Act programs for Rape Prevention and for Community Programs on Domestic Violence. In total, the President requested that Congress provide the full \$109 million authorized in law for Violence Against Women Act programs -- of which the Committee has provided only \$93.6 million.

By providing no funding for the \$30 million Teen Pregnancy Prevention Initiative, the Committee would stall the development of critical knowledge about how to prevent teen pregnancy, and deprive vulnerable adolescents in 25 communities of essential services at a time when out-of-wedlock births are still rising.

Further, the Administration urges the House to provide the full request of \$198 million for Title X Family Planning Grants. The increase proposed over the FY 1996 level would allow an additional 20,000 individuals to receive family planning services, including counseling and testing for sexually transmitted diseases.

Combating Health Care Fraud and Abuse

The Committee mark does not include any discretionary appropriations for Health Care Financing Administration (HCFA) and HHS Office of Inspector General (HHS IG) Medicare anti-fraud activities, which totaled roughly \$440 million in FY 1996. Rather, the Committee mark assumes enactment of H.R. 3103 (health insurance reform), which would provide approximately \$500 million in mandatory funding for Medicare anti-fraud and abuse activities at HCFA and the HHS IG. If HR 3103 is not enacted, approximately \$440 million in additional discretionary appropriations would need to be identified to maintain ongoing HCFA and HHS IG activities in this important area.

The Committee mark provides \$158 million for Medicare survey and certification activities, \$15.8 million below the President's request of \$173.8 million. The President's request is necessary to make timely responses to beneficiary complaints and to continue reducing survey backlogs for facilities other than home health agencies.

Section 514

Section 514 of the bill would prohibit the use of certain funds made available under the Act for illegal aliens. The provision is extremely vague, and its intent and likely impact are both highly unclear. The Administration is strongly opposed to any provision that might be read to jeopardize any child's right to full participation in public and secondary education, including pre-school programs. The Administration prefers the language contained in the FY 1995 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, which would prohibit Federal, State, or local officials from obligating funds in violation of existing law or regulations that deny benefits.

In addition to the concerns discussed above, the Administration has additional concerns with the bill that were detailed in a June 19th letter to the House Appropriations Committee.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 17, 1996 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 3814, DEPARTMENTS OF COMMERCE, JUSTICE, STATE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1997**

(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 3814, the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Bill, FY 1997, as reported by the House Appropriations Committee. For the reasons discussed below, the President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

The Administration strongly objects to the Committee's reductions to critical law enforcement, research and technology, international affairs, legal services, and other programs. Such reductions are unacceptable, and the bill requires significant improvements.

The Administration strongly opposes the provision, discussed in more detail below, included in the bill that would limit the President's ability to negotiate issues and implement agreements related to the ABM Treaty that are important to the national security of the United States. This provision would infringe upon the President's ability to conduct foreign relations and is unacceptable.

Legal Services Corporation

The Administration strongly objects to the Committee's funding level of \$141 million for the Legal Services Corporation (LSC). The bill would cut the Corporation's funding level by roughly 50 percent from last year's level of \$278 million and is almost two-thirds below the FY 1995 level. It would provide approximately \$200 million less than the President's request of \$340 million. Further reductions in funding would deprive LSC of the resources it needs to carry out its mission, essentially bankrupting the Corporation and denying the neediest members of our society access to the Nation's judicial system.

In addition, the Administration notes that the bill contains many restrictions on the activities of LSC grantees that were contained in the FY 1996 appropriations act. The Administration continues to have serious concerns with these restrictions, particularly the restrictions on the use of funds from non-LSC sources.

Department of Commerce

The Committee cuts funding for the Department of Commerce by \$800 million below the request and \$100 million below the FY 1996 level. These reductions would significantly undermine the effectiveness of programs across the Department. The Administration has grave concerns about the amounts provided for advanced technology and manufacturing extension, described below, as well as additional concerns about the Committee's proposed funding levels for other programs.

The Committee bill disregards the bipartisan agreement reached last year to maintain the Advanced Technology Program (ATP). The Committee provides inadequate funding to support current commitments and includes language prohibiting new awards as well as applying other restrictions. ATP is a highly competitive, cost-shared program that fosters technology development, promotes industrial alliances, and creates jobs. The ATP program was created with bipartisan support, which it continues to deserve.

The Administration would strongly oppose a motion that may be offered on the House Floor that would eliminate funding for ATP and the Technology Administration, based on their not being included in the House-passed Omnibus Science Bill.

The Committee's funding level for the Manufacturing Extension Partnership Program could force the closure of several centers across the country. Large geographic areas and many of our Nation's 381,000 smaller manufacturers would be without access to valuable technical assistance. The Department of Commerce estimates that this assistance has produced over \$1 billion in increased sales and cost reductions and over 13,000 jobs. In addition, the Committee has not provided language that would allow Kansas and Michigan centers, which serve five States, to receive funding beyond the current six-year statutory limit.

The Administration is concerned about the lack of support for key environmental programs. The President's request includes increases for South Florida/Everglades Restoration, coastal pollution control, habitat conservation, global change monitoring and modeling, and the Global Learning and Observations to Benefit the Environment (GLOBE) program, none of which are funded by the Committee. In addition, the Committee has cut funding below the FY 1996 enacted level for ocean assessment programs (42-percent reduction), marine sanctuary management (15-percent reduction), endangered species recovery plans (46-percent reduction), and building sustainable fisheries. These actions would undermine NOAA's ability to manage and protect our Nation's ocean and coastal resources. Finally, the Administration supports the use of controlled access mechanisms in sustainable fisheries management and is concerned with the bill's proposed restrictions on such mechanisms.

While the Committee has provided additional resources to the Census Bureau, the amount provided is less than half of the requested increase. This reduction would seriously impair the ability of the Census Bureau to carry out its constitutional and statutory functions, such as the

decennial census, the economic census, the census of governments, and efforts to bring the Nation's statistics into the 1990s. The Census Bureau would be forced to choose between equally critical demographic and economic measurement programs that would lead to a more expensive or less accurate Census and to less accurate economic statistics such as the GDP. Failure to provide increases would jeopardize efforts to implement the restructuring of the North American Industry Classification System, which has already been funded by Mexico and Canada.

Department of Justice

The Administration strongly opposes the funding level provided by the Committee for the Community Oriented Policing Services (COPS) program. The Committee mark would provide \$1.4 billion for COPS but would earmark over \$150 million for non-hiring initiatives. The Administration continues to believe that the President's request of \$1.9 billion is the appropriate funding level for the COPS program. The Administration does not believe that the Committee bill keeps us on course for hiring 100,000 additional police officers by the year 2000. Even the Committee's own Conference Report accompanying the FY 1996 Omnibus Appropriations Act indicated that a level of approximately \$1.4 billion would be required to meet the goal of hiring 100,000 police officers. The extensive set-asides included in the Committee bill would result in inadequate funding for hiring police officers. Further, the bill would freeze staffing levels at the FY 1996 level and not provide for the requested increase in management and administration in order to monitor this important program properly.

The Administration strongly opposes the Committee's \$18 million funding level for the drug courts program. The drug courts program is a proven, cost-effective means of using the courts' authority to provide sanctions and coerce non-violent offenders into drug treatment programs. The Administration believes that the drug courts program should be funded at the \$100 million level requested. The Administration also strongly opposes the Committee's termination and underfunding of the Administration's initiative to finance drug tests for Federal and State arrestees, respectively.

Both the COPS and the drug courts programs could be enhanced by reducing the funding level for the Local Law Enforcement Block Grant program and the increase over the President's request for Federal prison construction.

International Affairs

The Administration strongly opposes the provision included by the Committee that would infringe upon the ability of the Administration to negotiate issues related to the ABM Treaty with Russia and the other New Independent States of the former Soviet Union. The provision would prohibit the use of any funds in this or any other Act for ABM treaty negotiations with the Russians or other States of the former Soviet Union unless the President certifies that any amendments, understandings, or agreements related to the ABM and theater ballistic missiles and

anti-ballistic missiles will be presented to the Senate for their advice and consent. This prohibition would also apply to the use of funds to implement any amendment, agreement, or understanding related to ABM theater missile defense demarcation or multilateralization of the Treaty. The Administration believes that this provision raises serious constitutional concerns. The Constitution commits to the President the authority to determine the manner in which diplomatic communications take place. Congress may not control, through a funding condition, the President's determination to conduct negotiations in a particular forum.

With regard to funding, the Administration opposes the levels provided by the Committee for the State Department's main operating accounts. In total, these activities are reduced by nearly \$80 million from the President's request. The State Department's ability to modernize its antiquated information management systems and to maintain its overseas facilities in a safe, secure, and efficient manner would be jeopardized at this funding level. Restoration of this cut is necessary to maintain the Nation's foreign affairs infrastructure.

In addition, funding for international organizations and peacekeeping has been cut by over \$260 million from the FY 1997 request, and no funds are provided for the U.S. to participate in international conferences. Although the Administration has worked diligently with some success to promote fiscal discipline and reform at the U.N. and other organizations, there is limited support in this bill for this effort. The Committee's underfunding of our international organization assessments will only increase aggregate arrears for these organizations and for assessed peacekeeping operations above the already outstanding amount of \$1 billion. Despite these serious funding problems, the Administration appreciates the Committee's expressed support for U.S. leadership within a reformed United Nations and intends to continue discussions aimed at modifying the legislation in a manner that will further this shared goal.

The Administration is concerned about the reductions in the U.S. Information Agency's (USIA's) public diplomacy activities. Most importantly, the reduction in Salaries and Expenses and Broadcasting Operations accounts would jeopardize USIA's ability to perform its important role in promoting U.S. interests and understanding abroad. The Administration also strongly opposes the elimination of all funds in the bill for continuing the operation of TV Marti and urges that funding be restored.

Finally, funding for the Arms Control and Disarmament Agency (ACDA) has been reduced by \$10 million from the FY 1997 request, which would severely impact continuing operations. It would jeopardize ACDA's capabilities to complete negotiations and to implement and support arms control and nonproliferation treaties, conferences, and organizations.

Ounce of Prevention Council

The Committee bill would eliminate funding for the Ounce of Prevention Council. The President's request of \$9 million would allow the Council to award discretionary grants for

various crime and substance abuse prevention programs. Elimination of this program would hinder the needed coordination of crime prevention efforts at the Federal level.

Small Business Administration (SBA) Business Loans

The Administration strongly urges the House to provide adequate funding to support the Administration's FY 1997 proposed volume of new 7(a) General Business Loan Guarantees. The Committee's mark for SBA business loans is \$156 million less than the FY 1997 request of \$316 million, a 49-percent reduction. This funding level would substantially reduce the 7(a) loan program level in FY 1997. In addition, the Committee's mark appears to provide no funding for SBA's 504 loan program. Unless legislation is passed that would reduce the cost of this program to zero, this funding level would shut down SBA's 504 loan program.

In addition to the concerns discussed above, the Administration has additional concerns with the bill that were detailed in a July 11th letter to the House Appropriations Committee.



July 16, 1996
(House Rules)

(SENT

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3814

DEPARTMENTS OF COMMERCE, JUSTICE, STATE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1997

(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Bill, FY 1997, as reported by the House Appropriations Committee. For the reasons discussed below, the President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

The Administration strongly objects to the Committee's reductions to critical law enforcement, research and technology, international affairs, legal services, and other programs. Such reductions are unacceptable, and the bill requires significant improvements.

The Administration opposes the provision, discussed in more detail below, included in the bill that would limit the President's ability to negotiate issues and implement agreements related to the ABM Treaty that are important to the national security of the United States. This provision would infringe upon the President's ability to conduct foreign relations and is unacceptable.

Legal Services Corporation

The Administration strongly objects to the Committee's funding level of \$141 million for the Legal Services Corporation (LSC). The bill would cut the Corporation's funding level by roughly 50 percent from last year's level of \$278 million and is almost two-thirds below the FY 1995 level. It would provide approximately \$200 million less than the President's request of \$340 million. Further reductions in funding would deprive LSC of the resources it needs to carry out its mission, essentially bankrupting the Corporation and denying the neediest members of our society access to the Nation's judicial system.

In addition, the Administration notes that the bill contains many restrictions on the activities of LSC grantees that were contained in the FY 1996 appropriations act. The Administration continues to have serious concerns with these restrictions, particularly the restrictions on the use of funds from non-LSC sources.

Department of Commerce

The Committee cuts funding for the Department of Commerce by \$800 million below the request and \$100 million below the FY 1996 level. These reductions would significantly undermine the effectiveness of programs across the Department. The Administration has grave concerns about the amounts provided for advanced technology and manufacturing extension, described below, as well as additional concerns about the Committee's proposed funding levels for other programs, described in the enclosure.

The Committee bill disregards the bipartisan agreement reached last year to maintain the Advanced Technology Program (ATP). The Committee provides inadequate funding to support current commitments and includes language prohibiting new awards as well as applying other restrictions. ATP is a highly competitive, cost-shared program that fosters technology development, promotes industrial alliances, and creates jobs. The ATP program was created with bipartisan support, which it continues to deserve.

The Committee's funding level for the Manufacturing Extension Partnership Program would force the closure of several centers across the country. Large geographic areas and many of our Nation's 381,000 smaller manufacturers would be without access to valuable technical assistance. The Department of Commerce estimates that this assistance has produced over \$1 billion in increased sales and cost reductions and over 13,000 jobs. In addition, the Committee has not provided language that would allow Kansas and Michigan centers, which serve five States, to receive funding beyond the current six-year statutory limit.

The Administration is concerned about the lack of support for key environmental programs. The President's request includes increases for South Florida/Everglades Restoration, coastal pollution control, habitat conservation, global change monitoring and modeling, and the Global Learning and Observations to Benefit the Environment (GLOBE) program, none of which are funded by the Committee. In addition, the Committee has cut funding below the FY 1996 enacted level for ocean assessment programs (42-percent reduction), marine sanctuary management (15-percent reduction), endangered species recovery plans (46-percent reduction), and building sustainable fisheries. These actions would undermine NOAA's ability to manage and protect our Nation's ocean and coastal resources. Finally, the Administration supports the use of controlled access mechanisms in sustainable fisheries management and is concerned with the bill's proposed restrictions on such mechanisms.

While the Committee has provided additional resources to the Census Bureau, the amount provided is less than half of the requested increase. This reduction would seriously impair the ability of the Census Bureau to carry out its constitutional and statutory functions, such as the decennial census, the economic census, the census of governments, and efforts to bring the Nation's statistics into the 1990s. The Census Bureau would be forced to choose between equally critical demographic and economic measurement programs that would lead to a more expensive or less accurate Census and to less accurate economic statistics such as the GDP.

Failure to provide increases would jeopardize efforts to implement the restructuring of the North American Industry Classification System, which has already been funded by Mexico and Canada.

Department of Justice

The Administration strongly opposes the funding level provided by the Committee for the Community Oriented Policing Services (COPS) program. The Committee mark would provide \$1.4 billion for COPS but would earmark over \$150 million for non-hiring initiatives. The Administration continues to believe that the President's request of \$1.9 billion is the appropriate funding level for the COPS program. The Administration does not believe that the Committee bill keeps us on course for hiring 100,000 additional police officers by the year 2000. Even the Committee's own Conference Report accompanying the FY 1996 Omnibus Appropriations Act indicated that a level of approximately \$1.4 billion would be required to meet the goal of hiring 100,000 police officers. The extensive set-asides included in the Committee bill would result in inadequate funding for hiring police officers. Further, the bill would freeze staffing levels at the FY 1996 level and not provide for the requested increase in management and administration in order to monitor this important program properly.

The Administration strongly opposes the Committee's \$18 million funding level for the drug courts program. The drug courts program is a proven, cost-effective means of using the courts' authority to provide sanctions and coerce non-violent offenders into drug treatment programs. The Administration believes that the drug courts program should be funded at the \$100 million level requested. The Administration also strongly opposes the Committee's termination and underfunding of the Administration's initiative to finance drug tests for Federal and State arrestees, respectively.

Both the COPS and the drug courts programs could be enhanced by reducing the funding level for the Local Law Enforcement Block Grant program and the increase over the President's request for Federal prison construction.

International Affairs

The Administration strongly opposes the provision included by the Committee that would infringe upon the ability of the Administration to negotiate issues related to the ABM Treaty with Russia and the other New Independent States of the former Soviet Union. The provision would prohibit the use of any funds in this or any other Act for ABM treaty negotiations with the Russians or other States of the former Soviet Union unless the President certifies that any amendments, understandings, or agreements related to the ABM and theater ballistic missiles and anti-ballistic missiles will be presented to the Senate for their advice and consent. This prohibition would also apply to the use of funds to implement any amendment, agreement, or understanding related to ABM theater missile defense demarcation or multilateralization of the Treaty. The Administration believes that this provision raises serious constitutional concerns.

The Constitution commits to the President the authority to determine the manner in which diplomatic communications take place. Congress may not control, through a funding condition, the President's determination to conduct negotiations in a particular forum.

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The Administration is concerned about the reductions in the U.S. Information Agency's (USIA's) public diplomacy activities. Most importantly, the reduction in Salaries and Expenses and Broadcasting Operations accounts would jeopardize USIA's ability to perform its important role in promoting U.S. interests and understanding abroad. The Administration also strongly opposes the elimination of all funds in the bill for continuing the operation of TV Marti and urges that funding be restored.

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In addition to the concerns discussed above, the Administration has additional concerns with the bill that were detailed in a July 11th letter to the House Appropriations Committee.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 9, 1996 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1894 -- DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, FY 1997

(Sponsors: Hatfield (R), Oregon; Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 1894, the Department of Defense Appropriations Bill, FY 1997, as reported by the Committee. The President's senior advisers would recommend that he veto a Defense appropriations bill that does not address the concerns discussed below.

The Administration believes that the Committee bill is a significant improvement over the House-passed bill in several key areas, including its provision of full funding for the Seawolf Submarine, four DDG-51 Aegis Destroyers, depot maintenance activities, and the Nunn-Lugar program. The Administration also appreciates the Committee's support of the Civil-Military program and rejection of the House action on executive compensation and defense industry restructuring costs.

The Administration does not, however, support the overall increase of more than \$10 billion above the President's request reflected in the Committee bill. With the Nation facing serious budget constraints, the Committee's recommended increase for this bill is not affordable.

The President's budget better supports defense requirements by fully funding current readiness and by projecting significant increases in funding for modernization for the turn of the century. This is when defense technologies now in development will be ready for production. The Administration firmly believes that America can maintain a strong defense without sacrificing vital domestic programs.

The Committee added \$7.1 billion for unrequested procurement items and did not provide \$1.2 billion for procurement projects requested in the President's budget for FY 1997 and needed by the Department. In its procurement increase, the Committee included \$3.3 billion for weapons and systems that are not in the long-range modernization plans of the Department of Defense.

Similarly, the Committee added \$3.4 billion for unrequested research and development (R&D) items, while failing to provide \$0.9 billion for R&D projects requested in the President's budget. The R&D increase includes about \$1.7 billion for programs that are not in the long-range modernization plans of the Department. Other programs in the long-range plan receive unnecessary increases under the Committee's mark. These unwarranted increases include \$300 million to accelerate development of U.S.-based defenses against strategic missiles, funding that is not warranted by the threat, and acceleration of the space-based missile warning system, "SBIRS."

The Administration objects to the Committee's:

- o Reduction of \$150 million in funding for the Dual-Use Applications Program (DUAP). This program supports development of technologies that can be applied to both commercial and defense systems, thereby reducing the cost of defense systems. Appropriations at the requested level of \$250 million are important to the affordability of defense systems and the viability of the defense industrial base;
- o Reductions in funding for spare parts inventories, civilian personnel, military transportation, recovery of revolving fund losses, the Federal Energy Management Program, and Overseas Humanitarian, Disaster, and Civic Aid;
- o Restrictions on the President's flexibility to conduct foreign relations regarding North Korea and on other foreign policy prerogatives; and,

Other Concern

- o Section 8015 would prohibit contracting out certain functions without an analysis of the most efficient and cost-effective organization for those functions, but would waive this prohibition in some circumstances, including where the function "is planned to be converted to performance by a qualified firm under 51 percent Native American ownership." In light of Adarand Constructors, Inc. v. Penna, 115 S.Ct. 2097 (1995), this language should be revised to make clear that it refers to ownership by members of Federally recognized tribes, see Morton v. Mancari, 417 U.S. 535, 552-55 (1974).